

State of Washington  
**Recommendation Summary**

2:10:32PM

Agency: **357 Department of Early Learning**

10/5/2015

Dollars in Thousands

	<b>Annual Average FTEs</b>	<b>General Fund State</b>	<b>Other Funds</b>	<b>Total Funds</b>
<b>2015-17 Current Biennium Total</b>				
<b>Total Carry Forward Level</b>				
Percent Change from Current Biennium				
M1 LA WCCC Level Awards		684		684
<b>Carry Forward plus Workload Changes</b>		<b>684</b>		<b>684</b>
Percent Change from Current Biennium				
M2 BC ECEAP Background Checks	1.9	558		558
M2 CC Compliance with Updated Federal Law	5.2	5,865		5,865
M2 FL FamLink Rate Increase		294		294
M2 MR Market Rate Research	0.5	140		140
<b>Total Maintenance Level</b>	<b>7.6</b>	<b>7,541</b>		<b>7,541</b>
Percent Change from Current Biennium				
PL B1 ECLIPSE Sustainability		2,152		2,152
PL B2 Time, Attendance, & Payment System				
PL B3 Parity for Child Care Centers		20,834		20,834
PL B4 Reducing Financial Risk	0.5	165		165
PL B5 Healthiest Next Generation	1.0	342		342
PL B6 Responsive Services		100		100
<b>Subtotal - Performance Level Changes</b>	<b>1.5</b>	<b>23,593</b>		<b>23,593</b>
<b>2015-17 Total Proposed Budget</b>	<b>9.1</b>	<b>31,134</b>		<b>31,134</b>
Percent Change from Current Biennium				

**M1 LA WCCC Level Awards**

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.

**M2 BC ECEAP Background Checks**

In the enacted 2015-17 biennial budget, the Department of Early Learning (DEL) received \$247,000 per year to process background checks for ECEAP-funded staff in 1,600 newly funded slots. However, the department did not receive funding to process background checks for all support staff and volunteers in existing facilities. Fingerprint background checks are required per RCW 43.215.425 for all staff who have unsupervised access to children.

The Department of Early Learning requests 1.9 FTEs and \$558,469 in General Fund State funding to process background checks for 5,361 ECEAP funded support staff and volunteers providing preschool instruction and program support.

## **M2 CC Compliance with Updated Federal Law**

The Department of Early Learning (DEL) requests 10.3 FTEs and \$5,864,579 of General Fund State funding to comply with additional requirements placed upon the state as a condition of receiving the newly reauthorized Child Care and Development Block Grant (CCDBG). There are five requirements, related to seasonal child care eligibility, yearly monitoring of providers, background checks, additional training services to providers, and data collection, the implementation costs for which the department cannot absorb within its existing grant resources.

## **M2 FL FamLink Rate Increase**

The Department of Early Learning (DEL) requests \$146,928 per fiscal year to pay the Department of Social and Health Services (DSHS) for increased charges related to DEL's use of the FamLink application, the primary case management system for childcare licensing which is provided to DEL by the DSHS Children's Administration (CA). Due to a reallocation of overall system costs from DSHS to DEL, the projected cost increase (based on fiscal year 2015 invoices from DSHS) for DEL is anticipated to be 97 percent higher compared to the same months in fiscal year 2014, while DSHS will experience a savings of the same amount.

## **M2 MR Market Rate Research**

Section 658E(c)(4)(B) of the Child Care Development Block Grant Act Reauthorization requires states to conduct a market rate survey, or use an alternative methodology, to describe how subsidy payment rates will be established, taking into account the cost of providing higher quality services. Given the presumption that the state's own subsidy rates unduly influence the market, the department is requesting 1 FTE and \$140,465 in fiscal year 2017 to evaluate both the traditional market rate analysis and an alternative "cost of quality" methodology for setting subsidy rates.

## **PL B1 ECLIPSE Sustainability**

The Department of Early Learning (DEL) requests \$ 2,152,000 in General Fund State (GF-State) funding for Fiscal Year 2017 to replace the previously disallowed federal funds used to fund the Early Childhood Intervention and Prevention Services (ECLIPSE) program in previous years.

## **PL B2 Time, Attendance, & Payment System**

\*This package is a placeholder.\*

The Department of Early Learning (DEL) will be requesting necessary staffing and General Fund-State funding in fiscal year 2017 and future fiscal years to implement a Software-as-a Service (SaaS) solution for an electronic time, attendance, and payment solution for Working Connections Child Care (WCCC) and Seasonal Child Care (SCC) subsidy programs, and the Early Childhood Education and Assistance Program (ECEAP).

The solution will streamline provider payments by incorporating ECEAP invoicing, Early Achievers quality rating improvement awards and professional development incentives which are currently supported through legacy systems and manual paper-based processes. This system will also provide an application for authorized parents or guardians to check children in and out of early learning programs through a tablet device or mobile phone, and access an online portal to review documents and attendance records. Providers will access the same online portal to review records and submit electronic invoices to the State to reconcile and produce payment. Paper timesheets and invoices are replaced with this new solution that ties together child care attendance and provider payments, while existing eligibility and authorization systems will interface to the new electronic system, which has proven successful in reducing costs in numerous states across the nation. This project will be designed to enable other state agency programs to re-use this enterprise solution for similar needs within the health, human service, and early care and education domains.

## **PL B3 Parity for Child Care Centers**

In the summer of 2015, DEL and the Service Employees International Union Local 925 (SEIU 925) fulfilled a contract reopener clause that was negotiated the prior year to review and propose changes to base subsidy rates and tiered reimbursement rates for fiscal year 2017 of the family child care provider contract in effect July 2015 through June 2017. The parties agreed to selected

base rate increases and revised tiered reimbursement awards for providers rating at levels 3, 4 and 5 in Early Achievers.

The department requests \$20,833,645 of General Fund State funding in order to fund the same increases (parity) for centers that participate in Working Connections Child Care (WCCC), Seasonal Child Care (SCC), and Homeless subsidy programs.

**PL B4 Reducing Financial Risk**

The Department of Early Learning (DEL) has received multiple audit findings surrounding the proper eligibility determination, reporting and cash management of its federal funds. To mitigate the potential for future audit findings, DEL requests \$165,000 in fiscal year 2017 to hire an internal auditor to assist with ensuring services and processes comply with RCW 43.88.160(4)(a). This position will conduct internal audits to find issues that need to be fixed prior to a formal audit by state and federal auditors.

**PL B5 Healthiest Next Generation**

The Department of Early Learning (DEL) requests 2.0 FTEs and \$342,318 of ongoing General Fund-State funding to continue implementing the Healthiest Next Generation (HNG) initiative. The HNG initiative is the coordination of comprehensive health services between DEL, Department of Health (DOH), and Office of Superintendent of Public Instruction (OSPI). Through the work of these agencies, the HNG initiative has made significant improvements in nutrition and physical activity for young children and has exposed the need for continued coordination.

Funding will be used to address statewide health coordination and case management in early learning, and support the training and mentoring of child care providers, licensors, Early Achievers coaches, and others on areas that support child health.

**PL B6 Responsive Services**

The Department of Early Learning (DEL) requests \$100,000 General Fund State (GF-S) in fiscal year 2017 to implement the National Standards for Culturally and Linguistically Appropriate Services (CLAS). Funding will support cultural and linguistic responsiveness training for DEL leadership and employees who provide direct services to children, families and early learning professionals. This proposal will also provide additional resources for DEL to translate and provide interpretation services for individuals who have limited English proficiency.

# State of Washington

## Summarized Revenue by Account and Source

10/5/2015  
2:12PM

BASS - BDS029

Budget Period: 2015-17  
Dollars in thousands  
357 - Department of Early Learning  
Agency Level  
1S - FY2016 Supplemental  
Supporting Text Excluded

	Maintenance Level		Performance Level		Biennium Totals		Total
	FY2016	FY2017	FY2016	FY2017	FY2016	FY2017	
<b>17M - Indivi-Based/Portabl</b>							
BC - ECEAP Background Checks	56	8					101
CC - Compliance with Updated Federal Law	56	37			56	45	101
Total - 0242 - Health Fees/Licenses - S		45					101
<b>17M - Indivi-Based/Portabl - State</b>	<b>56</b>	<b>45</b>			<b>56</b>	<b>45</b>	<b>101</b>
<b>Total - 17M - Indivi-Based/Portabl</b>	<b>56</b>	<b>45</b>			<b>56</b>	<b>45</b>	<b>101</b>
<b>357 - Department of Early Learning - State</b>	<b>56</b>	<b>45</b>			<b>56</b>	<b>45</b>	<b>101</b>
<b>Total - 357 - Department of Early Learning</b>	<b>56</b>	<b>45</b>			<b>56</b>	<b>45</b>	<b>101</b>

### Agency Budget Request Decision Package Summary

(Lists only the agency Performance Level budget decision packages, in priority order)

Agency: **357 Department of Early Learning**

10/5/2015  
2:11:47PM

Budget Period: **2015-17**

**Decision Package**

<u>Code</u>	<u>Decision Package Title</u>
PL-B1	ECLIPSE Sustainability
PL-B2	Time, Attendance, & Payment System
PL-B3	Parity for Child Care Centers
PL-B4	Reducing Financial Risk
PL-B5	Healthiest Next Generation
PL-B6	Responsive Services

**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

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

### 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.

## **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, the state will violate the terms of the Collective Bargaining Agreement with SEIU Local 925.

#### ***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***

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

**Agency:** 357 Department of Early Learning  
**Decision Package Code/Title:** BC ECEAP Background Checks  
**Budget Period:** 2015-17  
**Budget Level:** M2 - Inflation and Other Rate Changes

**Recommendation Summary Text:**

In the enacted 2015-17 biennial budget, the Department of Early Learning (DEL) received \$247,000 per year to process background checks for ECEAP-funded staff in 1,600 newly funded slots. However, the department did not receive funding to process background checks for all support staff and volunteers in existing facilities. Fingerprint background checks are required per RCW 43.215.425 for all staff who have unsupervised access to children.

The Department of Early Learning requests 1.9 FTEs and \$558,469 in General Fund State funding to process background checks for 5,361 ECEAP funded support staff and volunteers providing preschool instruction and program support.

**Fiscal Detail**

<b>Operating Expenditures</b>		<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
001-1 General Fund - Basic Account-State		233,812	324,657	558,469
<b>Total Cost</b>		<b>233,812</b>	<b>324,657</b>	<b>558,469</b>
<b>Staffing</b>		<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Annual Average</u></b>
FTEs		.8	3.0	1.9
<b>Revenue</b>				
<b><u>Fund</u></b>	<b><u>Source</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
17M	Indivi-Based/Portabl	55,944	0242Health Fees/Licenses	8,388
64,332				
<b>Total Revenue</b>		<b>55,944</b>	<b>8,388</b>	<b>64,332</b>

**Package Description:**

Section 8(3) of 2E2SHB1491 from the 2015 3rd special legislative session amends RCW 43.215.425 to require all ECEAP staff and volunteers who have access to children to submit to a fingerprint background check. This requirement includes all staff and volunteers in both the new and existing ECEAP slots having access to children in ECEAP programs. This proposal requests the funding necessary to comply with the updated statutory requirements. Costs include paying the Department of Social and Health Services \$30 per application to process the criminal background checks, and the addition of three full time staff at DEL to perform the character and suitability checks required by RCW 43.215.215 (the final step in processing criminal background checks - a diagram of the process is attached). The department estimates that background checks will begin in the spring of 2016 following the adoption of the final rules.

**Narrative Justification and Impact Statement**

***What specific performance outcomes does the agency expect?***

Background checks will increase child safety in the ECEAP program.

**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?***

Ensuring the safety of children in care is the foundation of the department's goal to provide voluntary, high quality learning opportunities for children and families.

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

Yes. Background checks help ensure that program staff meet the high quality standards of the ECEAP program, which increases world class student achievement, Goal #1 of Governor Inslee's top priorities.

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

State law requires all individuals who may have unsupervised access to children to submit a fingerprint background check. This request will enable the department to process those checks in a timely and efficient manner.

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

Per RCW 43.215.425, there is no alternative to this request. The department must implement background checks for all staff and volunteers having access to ECEAP children.

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

Without the funding requested in this package, DEL will not be able to hire the staff necessary to process the additional 5,361 background check applications in a timely manner. The applications are required by law and if not processed in a timely manner, ECEAP programs will experience delays in hiring and potential staffing shortages.

***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***

Cash Receipts

\$64,332 in fiscal years 2016-17 to process 5,361 background check applications; the current price of a background check per WAC 170-06-0044, paid by the applicant, is \$12.00. The increase in revenue is as follows:

--\$55,944 in fiscal year 2016, assuming 4,662 staff and volunteer positions (4,662 x \$12 = \$55,944).

--\$8,388 in fiscal year 2017, assuming 699 new background checks resulting from staff and volunteer turnover (699x \$12 = \$8,388).

#### Expenditure Assumptions:

DEL assumes 6,093 individuals would need fingerprint background checks under this new requirement. Currently, 12 percent of ECEAP sites are located in licensed child care facilities and therefore already have the necessary background checks. Therefore, we estimate that 88 percent of staff and volunteers need the required fingerprint background checks (6,093 x 88% = 5,361). DEL assumes a 15 percent turnover rate in positions in fiscal year 2017.

#### FTE Costs

\$397,639 in fiscal years 2016-17, assuming:

Total costs for fiscal year 2016 are \$93,952, assuming:

FTE, Salary and Benefits: .75 FTE costing \$54,161 in fiscal year 2016 assuming:

--.50 Social Service Specialist 3 (SSS3) costing \$38,960 ( $\$77,918 \times .50 \text{ FTE} = \$38,960$ ). FTE will be hired in April and will become a 2.0 FTE in FY 2017.

--.25 Customer Service Specialist 3 (CSS3) costing \$15,202. FTE will be hired in April and will become a 1.0 FTE in FY 2017.

Goods and Services: \$2,064 in fiscal year 2016, comprised for direct program goods and services for .75 FTE for computer leases, communications, supplies, employee development and training, assuming \$688 per FTE ( $\$688 \times .75 \text{ FTE} = \$2,064$ ).

Travel: \$1,800 in FY2016 for travel for .75 FTE ( $\$600 \times .75 \text{ FTE} = \$1,800$ ).

Equipment: \$18,000 in FY2016 for one time expenditure for necessary office furniture and equipment for the new FTEs assuming \$6,000 per position ( $\$6000 \times 3 = \$18,000$ ).

Intra-agency Reimbursements: \$17,927 in fiscal year 2016 for indirect costs for agency administration and central services, calculated at 33.10 percent of direct salaries and benefits ( $\$93,957 \times 33.10\% = \$17,927$ ). This is for administration and management of the department including governance, executive management, fiscal operations, human resources, communications and outreach, government relations and agency information technology services. It is also for agency central services including space and utilities, data processing fees and computer leases, communications, attorney general and audit services and other mandatory charges for services from the Department of Enterprise Services.

Total costs for fiscal year 2017 are \$303,687, assuming:

FTE, Salary and Benefits: 3.0 FTE costing \$219,938 in fiscal year 2017 assuming:

--2.0 Social Service Specialist 3 (SSS3) costing \$158,238 ( $\$79,119 \times 2.0 \text{ FTE} = \$158,238$ )

--1.0 Customer Service Specialist 3 (CSS3) costing \$61,701

Goods and Services: \$3,750 in fiscal year 2017, comprised for direct program goods and services for 3.0 FTE for computer leases, communications, supplies, employee development and training, assuming \$1,250 per FTE ( $\$1,250 \times 3.0 \text{ FTE} = \$3,750$ ).

Travel: \$7,200 in FY2017 for travel for 3.0 FTE ( $\$2,400 \times 3.0 \text{ FTE} = \$7,200$ ).

Intra-agency Reimbursements: \$72,799 in fiscal year 2017 for indirect costs for agency administration and central services, calculated at 33.11 percent of direct salaries and benefits ( $\$219,938 \times 33.10\% = \$72,799$ ). This is for administration and management of the department including governance, executive management, fiscal operations, human resources, communications and outreach, government relations and agency information technology services. It is also for agency central services including space and utilities, data processing fees and computer leases, communications, attorney general and audit services and other mandatory charges for services from the Department of Enterprise Services.

Duties for these FTE are as follows:

--SSS3: to perform character and suitability analysis, using information received from WSP, FBI, Department of Social and Health Services Background Check Central Unit (BCCU) and DSHS Children's Administration system. Perform duties related to disqualification process (writing legal notification letters, representing DEL at administrative appeals hearings).

--CSS3: to screen applications for completeness, facilitate processing of applications, perform person search in FAMLINK system,

compile background information from the BCCU and follow up with applicants for additional needed background information to complete the process.

DSHS Inter-agency Agreement

\$160,830 in fiscal years 2016-17, assuming:

Inter-agency Agreement Reimbursement:

DEL will reimburse Department of Social and Health Services (DSHS) for processing the fingerprint background checks. If the rate charged to DEL by DSHS remains at today's rate of \$30 per application, expenditures would be as follows:

--\$139,860 in fiscal year 2016 for 4,662 new background checks (4,662 x \$30 = \$139,860)

--\$20,970 in fiscal year 2017 for 699 new background checks (699 x \$30 = \$20,970)

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

These costs are ongoing. Background checks will be required for new staff and volunteers having access to ECEAP children. All background checks must be renewed every three years.

<b><u>Object Detail</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
A Salaries And Wages	38,505	156,790	195,295
B Employee Benefits	15,656	63,148	78,804
E Goods\Other Services	2,064	3,750	5,814
G Travel	1,800	7,200	9,000
J Capital Outlays	18,000		18,000
N Grants, Benefits & Client Services	139,860	20,970	160,830
T Intra-Agency Reimbursements	17,927	72,799	90,726
<b>Total Objects</b>	<b>233,812</b>	<b>324,657</b>	<b>558,469</b>

**Agency:** 357 Department of Early Learning  
**Decision Package Code/Title:** CC Compliance with Updated Federal Law  
**Budget Period:** 2015-17  
**Budget Level:** M2 - Inflation and Other Rate Changes

**Recommendation Summary Text:**

The Department of Early Learning (DEL) requests 10.3 FTEs and \$5,864,579 of General Fund State funding to comply with additional requirements placed upon the state as a condition of receiving the newly reauthorized Child Care and Development Block Grant (CCDBG). There are five requirements, related to seasonal child care eligibility, yearly monitoring of providers, background checks, additional training services to providers, and data collection, the implementation costs for which the department cannot absorb within its existing grant resources.

**Fiscal Detail**

<b>Operating Expenditures</b>		<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
001-1	General Fund - Basic Account-State		5,864,579	5,864,579
<b>Total Cost</b>			<b>5,864,579</b>	<b>5,864,579</b>
<b>Staffing</b>		<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Annual Average</u></b>
	FTEs	.0	10.3	5.2
<b>Revenue</b>				
<b><u>Fund</u></b>	<b><u>Source</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
17M 36,948	Indivi-Based/Portabl		0242Health Fees/Licenses	36,948
<b>Total Revenue</b>			<b>36,948</b>	<b>36,948</b>

**Package Description:**

The Child Care and Development Fund (CCDF) program was recently reauthorized in 2014, the first reauthorization since 1996. The new law makes significant advancements by defining health and safety requirements for child care providers, outlining family friendly eligibility policies, and ensuring parents and the general public have transparent information about the child care choices available to them. Within the new law are a number of new requirements, some for which the department can absorb the cost or is already funded.

There are five requirements the costs for which the department cannot absorb in its existing grant resources:

- 12 month eligibility for seasonal child care recipients;
- Yearly monitoring of providers, including those classified as Family, Friends, or Neighbors (FFNs);
- Processing fingerprint background checks on 3,079 previously exempt providers who are classified as family, friends, or neighbors (FFNs);
- Providing additional health and safety training, business operations technical assistance, and professional development opportunities on child behavior and development to providers of child care services; and
- A data warehouse for collecting additional data and generating required reports.

12 Month Program Eligibility

Section 658E(c)(2)(N)(i)(I) of the CCDF Reauthorization Act requires that children eligible for a child care subsidy will receive it for at least 12 months regardless of a temporary change in employment status or family income. The state retains the option to terminate assistance during the 12 month period for a parent's loss of work or ending a job training or education program, so long as the state provides assistance for at least three months after to allow the parent to find a job or re-enroll at a job training or education program as soon as possible. Compliance is required by September 30, 2016. While the enacted budget funds 12 month eligibility for the traditional Working Connections Child Care subsidy program, no funding was provided for the Seasonal Child Care program.

Section 658E(c)(2)(N)(iv) provides for a "graduated phase out" which requires the state to provide continued assistance at the beginning of a family's new eligibility period, for children of parents who are working or attending a job training or education program and whose family income exceeds the state's income limit to initially qualify for assistance, if the family income does not exceed 85 percent of the state median income for a family of the same size.

#### Yearly Monitoring of Providers Classified as Family, Friends, or Neighbors (FFNs)

Section 658E(c)(2)(K)(i)(II)(bb) of the CCDF Reauthorization Act requires that all licensed child care facilities be monitored annually. DEL recently (February 2015) began scheduling Family Child Care Homes for yearly inspections as Child Care Centers and School Age Centers have been for several years; however, the time and resources required have stretched the licensing capacity beyond what can be absorbed. An additional 3.0 FTEs will provide the support needed to bring this requirement into compliance.

Section 658E(c)(2)(J) and Section 658E(c)(2)(K)(i)(III) of the Act require the department to conduct health and safety inspections of non-relative child care providers who provide care in a child's home (classified as Family, Friends, and Neighbors or "FFNs") and to have a licenser to provider ratio adequate to conduct timely inspections annually for all providers of child care services. Due to the volume of FFNs (3,079 statewide), the department is proposing a phased approach to implementation, starting with 3 FTEs in a region still to be determined.

#### Background Checks for Providers who are Family, Friends, and Neighbors (FFNs)

Section 658H of the CCDBG Act reauthorization requires that all child care staff members receive a fingerprint criminal background check. This would require the department to implement new policies and procedures to extend these background checks to providers classified as Family, Friends, and Neighbors (FFNs) who receive subsidies under the grant. The authorization also requires the department to conduct a search of abuse and neglect registries and databases in each state where the staff member resided in the preceding five years. There are an estimated 3,079 non-relative FFN providers who will be required to complete this process, which the department is scheduled to begin on July 1, 2016.

#### Additional Training, Technical Assistance, and Professional Development Opportunities

While the Early Start Act (ESA) provided funding to train providers in the Early Achievers curriculum, the training required by the CCDF Reauthorization Act is focused on health and safety aspects of licensing, such as dealing with challenging behaviors, understanding physical and cognitive child development, and understanding developmental screenings. The Act also requires training on operating a business, which is critical to maintaining a healthy industry with an adequate number of providers.

The following CCDF Reauthorization Act sections require compliance by September 30, 2016:

- Section 658E(c)(2)(G): Develop training and professional development requirements designed to enable child care providers to promote the social, emotional, physical and cognitive development of children and to improve the knowledge and skills of the child care workforce;
- Section 658E(c)(2)(V): Develop and implement strategies to strengthen the business practices of child care providers to expand the supply and improve the quality of child care services;
- Section 658E(c)(3)(B)(ii): Provide training and technical assistance to providers on identifying and serving homeless children and families; and
- Section 658E(c)(2)(G)(ii)(I) and Sections 6.1.1 and 6.1.2 of the CCDF plan preprint (the official guidance document of HHS): States must provide a progression of professional development (such as allowing an individual to build on entry and mid level training and education) reflecting research and best practices to improve the quality and stability of the child care workforce.

Current provider training, professional development, and technical assistance opportunities are insufficient to meet the requirements of

the Act. The funding requested in this package will complement the Early Achievers training already funded in the Early Start Act. Providers will receive health and safety and business training with these funds while they receive training in implementing high quality

early education programs with the ESA funds. These resources will work in tandem to establish a strong progressive professional development model for the state's providers.

#### Enterprise Data and Reporting System

The department proposes to develop and implement an agency Enterprise Data and Reporting System (EDRS). This system, while itself not specifically authorized in the CCDF Reauthorization Act, is critical to successful compliance with the various new data collection and increased reporting requirements of the Act (see attached for a full list). The Act requires establishing a unique identifier for children and families across all the early learning programs as well as expanding the data collected for children and families. The data must be consistently collected and reported across numerous systems which are not currently integrated.

At least eight (8) data systems across two departments and multiple administrations must be modified to meet the new data collection requirements for the Act. These systems are not currently integrated; without establishing linkages between these systems the expanded reporting requirements will not be met.

The department can modify MERIT, ELMS and ESIT data systems to meet the new data collection requirements within existing resources. These changes also impact numerous Department of Social and Human Services (DSHS) systems; The department has prepared the appropriate change order forms and has been in discussions with our partner agency to determine the level of effort, associated cost and feasible timeline for implementing the required changes. DSHS impacted systems are: WCAP, BarCode, ACES, SSPS and FamLink. We intend to provide updated costing for source system modifications by October 31, 2015.

The EDRS is a data warehouse and reporting system based on the implementation of a Master Data Management (MDM) solution and the alignment of related governance, organizational processes, and supporting resources. The MDM is critical to effectively link and reduce invalid and inconsistent data across the disparate systems resulting in faster and more accurate reporting and the ability to meet the reporting requirements in the Act.

In an effort to improve DEL's ability to meet program goals and objectives the Gates Foundation funded a study to review the systems and processes in place for managing data. The study provided a Data Architecture Improvement Roadmap detailing an integrated data environment that will more efficiently, effectively, and accurately meet the needs of the various Early Learning programs. Upon completion of the Data Architecture Improvement Roadmap in December 2014, the Gates Foundation funded a Master Data Management Roadmap project that is anticipated to be complete in May 2016. DEL will be well positioned to immediately move forward with building the EDRS with the deliverables produced at the end of May 2016.

As previously noted, the current environment is a series of fractured programs and support systems that generally focus separately on licensing and/or subsidy components of DEL's broad early learning mission. Individual programs and reporting requirements have expanded in a piecemeal fashion, and over time the ability to maintain programs in this manner has become unsustainable. Continual, ongoing needs for program enhancements, new transactions to address data sourced from other agencies, and the lack of a viable enterprise wide reporting system that supports decision making is challenging. The resulting lack of easily accessible data impacts all aspects of the agency and third party organizations, both governmental and non governmental, that also rely on DEL generated data. The CCDF Reauthorization Act's monthly and annual reporting requirements imply a fully integrated data reporting environment across all early learning programs to meet federal reporting requirements; without an integrated system, a manual and disjointed process to collect data would continue to be cumbersome and error prone, leading to federal audit findings and potentially jeopardizing Washington's CCDF grant award.

By integrating the multiple data systems with this reporting solution, the new system will enable access to reliable and accurate reports for data analysis, workload management, fraud management, and public disclosure requests or legislative inquiries. The proposed solution is scalable, flexible, and consistent with the direction of other state agencies' data warehousing approach to enterprise data management. The proposed solution aligns with the federal guidance for moving towards a Statewide Longitudinal Data Systems (SLDS) and Early Childhood Integrated Data System (ECIDS). An ECIDS does not replace the P-20W data warehouse, but rather supplements it by integrating data across early childhood programs and then connecting the data to the P-20W data warehouse. ECIDS is designed to answer questions focused on early childhood while P-20W is designed to answer questions that span more than one sector.

In keeping with Lean practices, the Enterprise Data and Reporting System is designed to be implemented in agile phases which enables

flexibility in determining project priorities, cost, schedules and resources once the initial data HUB environment is set up. Once operational, reporting system enhancements, additions of functional programs areas or new regulatory mandates can be managed through prioritization and program funding levels.

The initial investment is associated with software product licenses related to Business Intelligence and Reporting tools which provide the infrastructure for the system. DEL would like to leverage existing contracts and educational software pricing when possible, which may reduce costs. Through partnerships with the Office of Financial Management (OFM) Education Research and Data Center (ERDC), DEL will be able to leverage many techniques and best practices for implementing and utilizing industry standard tools that provide these features:

- Business Intelligence and report tools
- Advanced analytic tools
- Data Movement tools for Extract, Transform and Load (ETL)
- Data Governance tools to support data quality, metadata, master data management and lineage
- Database Management System software

## **Narrative Justification and Impact Statement**

### ***What specific performance outcomes does the agency expect?***

DEL expects the following specific outcomes from full funding of this package:

- An increase in the percentage of children entering kindergarten and classified as "ready"
- An increase in the percentage of children who meet or exceed grade level expectations by third grade
- An increase in providers rated Level 3 or higher in the Early Achievers rating system
- A decrease in turnover in the child care workforce
- No net increase in the turnaround time of background check processing
- The agency will satisfy federal reporting requirements in a timely manner
- Federal audit findings will decrease
- Staff time spent on preparing reports will decrease, allowing more time for programmatic activities

### **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?***

The CCDF Act has been one of the core funding sources for the department since the department was created in 2006. Its requirements are embedded in every facet of our strategic plan, and are the underpinnings of our initiatives around increasing the quality of child care. Compliance is essential to implementing the entire strategic plan.

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

Compliance with the new requirements will continue the support that DEL currently provides to achieving Governor Inslee's Goal #1 around providing a world class education to Washington children and Goal #5 creating efficient, effective, and accountable government.

An enterprise data and reporting system ultimately supports the Governor's priorities to provide more children with a world class education. More directly, however, it supports Governor Inslee's goals to align DEL's work with Lean practices designed to eliminate waste and improve government services. This project will provide better quality data to OFM's ERDC for inclusion in the P-20W data

warehouse, which will also allow for more robust research and analysis by linking the data across our various programs which are currently fractured.

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

The pieces of this proposal are required by federal law, necessary for the state to maintain its full grant funding, and imperative to continuing the state's efforts to increase the quality of child care. Requirements like extending eligibility and expanding program access provide stability for families at vulnerable times while expanding background checks and increasing training for providers lead to safer and higher quality child care.

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

**12 Month Program Eligibility**

DEL considered a rule that families who lose approved activities can be terminated during the 12 month eligibility period but only after a further three months of benefits. However, this policy would have created inconsistency with 12 month eligibility in the Working Connections Child Care program under the Early Start Act. Further, such a policy would have contradicted the purpose of the program by punishing families who, by the nature of their work, have off seasons.

**Yearly Monitoring of Providers Classified as Family, Friends, or Neighbors (FFNs)**

The department considered requesting the full amount of funding necessary (\$1.8 million/year) to implement yearly monitoring of all 3,079 providers in this category, but opted to take a phased approach for one year in order to allow more time for outreach and communication to the newly regulated providers.

**Background Checks for Providers that are Family, Friends, and Neighbors (FFNs)**

The only alternative to this request is to not fund the necessary work. There is no alternative to performing the checks - they must be done. Without funding to process the background checks, the agency would be forced to divert resources from other parts of the agency, or delay processing of background checks, which could impact providers who rely on having staff checked in a timely fashion and reporting to work.

**Additional Training, Technical Assistance, and Professional Development Opportunities**

DEL has developed some basic curricula, but without targeted resources to develop larger scale classes and execute a training plan, provider populations go unreached and not everyone has access to quality content and training opportunities.

**Enterprise Data and Reporting System**

A Gates Foundation funded study identifies this proposed EDRS as the recommended approach for meeting DEL's current and future reporting needs. Alternative approaches are piecemeal solutions, leaving the overarching agency needs unresolved.

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

Without additional funding to comply with the new requirements, the agency will have to divert resources from other parts of the agency to cover required costs or it will have to significantly delay required work, which could lead to federal audit findings and grant repayment orders. At the service level, providers will experience delays in background check processing, families will be without child care, and the department will not be collecting data critical to meeting federal reporting requirements.

Specifically, without an enterprise data and reporting system:

- Mandatory reporting requirements will become increasingly difficult to meet as federal grant programs evolve;
- Fraud management will continue to be a manual, fractured effort constrained by the lack of data quality and timeliness, limiting the depth of analysis of the data;
- Complex data analysis will remain incomplete due to unreliable data, hampering DEL's ability to perform sophisticated analytics, risk modeling, and the reliable generation of current and future key performance indicators; and
- The agency will be forced to continue to rely on contractors for routine data needs.

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

There is no relationship to the capital budget.

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

12 Month Program Eligibility

The department is exploring any statutory changes that may be needed to implement the new requirements above. These changes will also require rules amending various chapters within Title 170 WAC, including but not limited to Chapters 170-06, 170-290, and 170-296A.

Background Checks for Providers who are Family, Friends, and Neighbors (FFNs)

There will have to be a change to RCW 43.215.215 and WAC chapter 170-06 to include non-relative FFN providers. The agency is proposing legislation to make changes to the statute. That legislation is attached to this proposal.

**Expenditure and revenue calculations and assumptions**

Individual cost assumptions for each of the requested items are attached to this package separately. Please see the attachments.

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

Individual cost assumptions for each of the requested items are attached to this package separately. Please see the attachments.

<b><u>Object Detail</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
A Salaries And Wages		644,972	644,972
B Employee Benefits		236,329	236,329
C Professional Svc Contracts		1,951,130	1,951,130
E Goods\Other Services		963,249	963,249
G Travel		24,600	24,600
J Capital Outlays		60,000	60,000
N Grants, Benefits & Client Services		1,692,588	1,692,588
T Intra-Agency Reimbursements		291,711	291,711
<b>Total Objects</b>		<b>5,864,579</b>	<b>5,864,579</b>

**Agency:** 357 Department of Early Learning  
**Decision Package Code/Title:** FL FamLink Rate Increase  
**Budget Period:** 2015-17  
**Budget Level:** M2 - Inflation and Other Rate Changes

**Recommendation Summary Text:**

The Department of Early Learning (DEL) requests \$146,928 per fiscal year to pay the Department of Social and Health Services (DSHS) for increased charges related to DEL's use of the FamLink application, the primary case management system for childcare licensing which is provided to DEL by the DSHS Children's Administration (CA). Due to a reallocation of overall system costs from DSHS to DEL, the projected cost increase (based on fiscal year 2015 invoices from DSHS) for DEL is anticipated to be 97 percent higher compared to the same months in fiscal year 2014, while DSHS will experience a savings of the same amount.

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
001-1 General Fund - Basic Account-State	146,928	146,928	293,856
<b>Total Cost</b>	<b>146,928</b>	<b>146,928</b>	<b>293,856</b>

**Package Description:**

DEL was recently notified by DSHS that DEL's proportionate share of costs to operate the FamLink application will be increasing by approximately 97 percent in fiscal year 2016 based on two factors: 1) DSHS CA reduced the number of active logins for DSHS CA which, in turn, increased the DEL cost allocation rate and 2) an increase in DSHS CA Information Technology staffing levels. Because of a reallocation of costs from DSHS to DEL, there is no increase in total costs to maintain FamLink - DEL is simply charged more while DSHS is charged less.

The current cost allocation rate is weighted by the number of active logins. DEL's allocation rate for the overall maintenance and operations costs increased from 3.69 percent to 5.21 percent in fiscal year 2015 as a result of this change. At the same time, CA increased the information technology staff allocated under the rate structure to support the FamLink application (25 staff in June 2014 to 49 staff in June 2015), increasing maintenance and operations charges to DEL. These two factors caused the annual charges for FamLink to nearly double. CA is continuing to hire staff in fiscal year 2016; per the July 2015 invoice, CA indicated that 51 IT staff will be supporting the FamLink application this biennium.

While CA and DEL worked together to arrange a one-time \$100,000 discount for cost increases to DEL in fiscal year 2015 that DEL was notified of in April 2015, that discount does not extend into fiscal year 2016 and beyond.

## **Narrative Justification and Impact Statement**

### ***What specific performance outcomes does the agency expect?***

Access to FamLink is critical to DEL's ability to ensure high quality, safe and healthy learning environments. Examples of the information accessed in the system include access to case management information input by DEL staff, information about child abuse founded findings, access to information to provide to families through Child Care Check regarding prospective providers' monitoring results, noncompliance findings, ratings of the providers, information necessary to allow DEL and DSHS to collaborate on foster care in child care placements, Division of Licensed Resources issues of suspected incidences of fraud or overpayment, and complaint investigation processes.

### **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?***

Without additional funding to cover the rate increase, funding will need to be pulled from other programs which will impact DEL's ability to meet the following objectives in the strategic plan:

- Objective 1.3: Support healthy development in strong families through DEL programs and policies;
- Objective 2.1: Enhance access to high quality professional development opportunities;
- Objective 3.3: Strengthen capacity of families and communities to advise, inform and advocate for statewide early licensing policies;
- Objective 4.1: Ensure DEL staff has access to training and resources; and
- Objective 4.3: Support employee growth and satisfaction.

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

If additional funding is not provided to cover the rate increase, that money will need to be pulled from other programs, which may impact DEL's ability to meet Goal #1, Governor Inslee's world class education priority. Funding this decision package would allow DEL to continue supporting providers working towards higher quality programs for children.

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

Any impacts to the FamLink system can impact providers by decreasing speed or quality of service. If funding needs to be pulled from elsewhere in the department's budget, other groups of clients, providers, or stakeholders involved in other DEL programs may be adversely affected.

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

DEL and DSHS have made attempts to renegotiate the cost allocation for the FamLink system for fiscal year 2016, but an agreement has not yet been reached.

The agency briefly explored purchasing a licensed childcare case management system, asking CA to provide a copy of the FamLink application to DEL, moving the licensed childcare case management features of FamLink into existing DEL systems, but found these alternatives would not work due to the amount of time required to implement systems/program changes and the cost to do so.

The request for funding the rate increase was selected because it is the cheapest and most efficient option available.

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

Without an increase in funding to pay the higher costs to use the FamLink system, budgeted funding will have to be cut in other parts

of the agency in order to pay for those costs. It is unknown at this time which programs at DEL might be affected.

***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***

Goods and Services: \$146,928 in each of fiscal years 2016 and 2017. Based on estimated billing from DSHS to DEL in fiscal year 2016, increased costs (as compared to fiscal year 2014) are estimated to be approximately \$12,244 per month. Charges for fiscal years 2014 and 2015 as well as projections for fiscal year 2016 are attached. Please see the attached "FamLink Charge Methodology" for a detailed explanation of how FamLink charges are developed by DSHS.

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

All costs are ongoing starting in fiscal year 2016.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	146,928	146,928	293,856

**Agency:** 357 Department of Early Learning  
**Decision Package Code/Title:** MR Market Rate Research  
**Budget Period:** 2015-17  
**Budget Level:** M2 - Inflation and Other Rate Changes

**Recommendation Summary Text:**

Section 658E(c)(4)(B) of the Child Care Development Block Grant Act Reauthorization requires states to conduct a market rate survey, or use an alternative methodology, to describe how subsidy payment rates will be established, taking into account the cost of providing higher quality services. Given the presumption that the state's own subsidy rates unduly influence the market, the department is requesting 1 FTE and \$140,465 in fiscal year 2017 to evaluate both the traditional market rate analysis and an alternative "cost of quality" methodology for setting subsidy rates.

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
001-1 General Fund - Basic Account-State		140,465	140,465
<b>Total Cost</b>		<b>140,465</b>	<b>140,465</b>
<b>Staffing</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Annual Average</u></b>
FTEs	.0	1.0	.5

**Package Description:**

Reauthorization of the Child Care and Development Fund Block Grant requires states to conduct a market rate survey, or use an alternative methodology, to describe how subsidy payment rates will be established, taking into account the cost of providing higher quality services. Additionally, the recent Collective Bargaining Agreement agreed to with the Service Employees International Union Local 925, the representative union of licensed family home child care providers, states that DEL will evaluate the current subsidy rate structure. Given shortcomings from previous market rate surveys, the department plans to conduct the market rate study alongside a "cost of quality" analysis to determine the most effective way to set subsidy rates. To accomplish this, the department is requesting 1 FTE and \$140,465 in Fiscal Year 2017 to manage the market rate survey and lead an in-depth cost of quality analysis of the actual budgets for a sample of both centers and family homes at varying levels of quality. In the short term, the FTE will determine which data collection and analysis system is more reliable, and over time will continue to lead and/or conduct ongoing subsidy rate analysis and review.

The requested FTE will use a new tool, the Provider Cost of Quality Calculator (PCQC) to create and regularly update a model of actual and ideal subsidy rates. The information that goes into this model will be updated on a continuous basis with the latest subsidy rates, workforce data, child care and small business data, and information gained from interviewing providers and other stakeholders. This position will also meet with the child care provider union SEIU 925 and participate in reviews of the existing rate schedules, and will manage any contracts entered into by the department to study rates, including possible actuary services.

## **Narrative Justification and Impact Statement**

### ***What specific performance outcomes does the agency expect?***

We expect that this research will result in providers being paid at an equitable rate, which will have the effect of drawing more high-quality providers into the subsidy system.

### **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?***

Ensuring that DEL is paying an appropriate subsidy rate, backed by thorough research and free from the influence of the state's own subsidy payments, supports the agency's goal of providing high quality early learning opportunities for Washington children.

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

Paying providers at an equitable rate will help to entice high quality providers to join or continue in the subsidy system and supports Governor Inslee's Goal #1 of providing a world class education to children in Washington state.

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

The state has entered into an agreement with SEIU 925 (the Family Home Child Care providers union) to look at the subsidy rate structure. This proposal will assist the department in fulfilling that obligation.

The Early Start Act requires providers to participate in the Early Achievers program. Our current subsidy rates are not based on the cost of providing high quality care, and funding a position to do this analysis will help the department identify the subsidy rate structure necessary to support high quality child care.

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

Past experience with the market rate survey shows that the survey method is not adequate for rate setting for higher-quality care at Early Achievers Levels 3 through 5. The PCQC tool is designed to help the department better analyze and understand the actual cost of operating centers and family child care homes at different levels of quality in the Early Achievers program. This alternative was chosen because it is supported by the federal grantor and it meets our obligation under the recently negotiated Collective Bargaining Agreement.

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

If this package is not adopted, the state will not have a complete understanding of the full costs of running a child care facility and risks having its subsidy rates based upon incomplete data as it sets rates and negotiates with SEIU 925.

### ***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***

Total cost in fiscal year 2017 is \$140,465 assuming:

FTE, Salary and Benefits: 1.0 FTE Management Analyst 5 (MA5) costing \$95,954 in fiscal year 2017.

Goods and Services: \$1,250 in fiscal year 2017, comprised for direct program goods and services for 1.0 FTE for computer leases, communications, supplies, employee development and training, assuming \$1,250 per FTE per fiscal year ( $\$1,250 \times 1.0 \text{ FTE} = \$1,250$ ).

Equipment: \$6,000 in FY2017 for one time expenditure for necessary office furniture and equipment for the 1.0 new FTE assuming \$6,000 per FTE ( $\$6,000 \times 1.0 \text{ FTE} = \$6,000$ ).

Travel: \$5,500 in FY2017 for the 1.0 new FTE assuming \$5,500 per FTE ( $\$5,500 \times 1.0 \text{ FTE} = \$5,500$ ).

Intra-agency Reimbursements: \$31,761 in fiscal year 2017 for indirect costs for agency administration and central services, calculated at 33.10 percent of direct salaries and benefits ( $\$95,954 \times 33.10\% = \$31,761$ ). This is for administration and management of the department including governance, executive management, fiscal operations, human resources, communications and outreach, government relations and agency information technology services. It is also for agency central services including space and utilities, data processing fees and computer leases, communications, attorney general and audit services and other mandatory charges for services from the Department of Enterprise Services.

Duties for the FTE are as follows:

--MA5 to manage data entry into the PCQC system and calculate costs for providers to operate a child care center or home, keep track of data sources, analyze and decide which sources to use and why, analyze and decide any adaptations to make, and develop data reports.

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

These costs are ongoing beginning in fiscal year 2017.

<b><u>Object Detail</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
A Salaries And Wages		71,317	71,317
B Employee Benefits		24,637	24,637
E Goods\Other Services		1,250	1,250
G Travel		5,500	5,500
J Capital Outlays		6,000	6,000
T Intra-Agency Reimbursements		31,761	31,761
<b>Total Objects</b>		<b>140,465</b>	<b>140,465</b>

**Agency:** 357 Department of Early Learning  
**Decision Package Code/Title:** B1 ECLIPSE Sustainability  
**Budget Period:** 2015-17  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Department of Early Learning (DEL) requests \$ 2,152,000 in General Fund State (GF-State) funding for Fiscal Year 2017 to replace the previously disallowed federal funds used to fund the Early Childhood Intervention and Prevention Services (ECLIPSE) program in previous years.

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
001-1 General Fund - Basic Account-State		2,152,000	2,152,000
<b>Total Cost</b>		<b>2,152,000</b>	<b>2,152,000</b>

**Package Description:**

The 2015-17 enacted budget funds the ECLIPSE program at \$2,522,000 General Fund-State and \$2,152,000 General Fund-Federal for fiscal year 2017. However, DEL has not been able to expend this federal authority since fiscal year 2013 because the federal government disallowed the use of federal funds in May 2013. This funding source is forty-six percent of the ECLIPSE program, formerly the Medicaid Treatment Child Care program (MTCC), operating budget. DEL requests replacement of General Fund Federal spending authority to secure ongoing services for the children and families enrolled in this program in King and Yakima counties.

ECLIPSE is a center-based intervention and preventative services program serving children from 0-5 years of age . These children have experienced biological, familial, and environmental risk factors such as fetal exposure to alcohol or drugs, or other types of abuse and neglect and require family centered, child focused mental health services. Children who display extreme behaviors because of these exposures are many times expelled from their local child care centers and referred to ECLIPSE due to their behaviors . ECLIPSE provides mental health screening, clinical assessment, treatment plan development, discharge planning, direct care, case management, and transportation. The ECLIPSE program staff are professionally licensed child mental health experts trained to accept any and all behaviors that children demonstrate due to their traumatic experiences. These experts work with the children and their families/caregivers to promote and develop social emotional competence, safety, security, and belonging to be successful in social settings and in life.

Each year, DEL has surveyed families of children served under the former MTCC program. Parents have shared that they have received timely and supportive services from Childhaven and Catholic Family and Child Services staff :

- "Recovery and Childhaven saved mine and my kid's life and set us up for a positive future"; and
- "Catholic Family and Child Service staff helped me to understand how to be a better parent".

## **Narrative Justification and Impact Statement**

### ***What specific performance outcomes does the agency expect?***

With continued state funding and support for providing access to the ECLIPSE program, the following outcomes will continue to be measured:

- 5 percent reduction in the number of children who later become enrolled under special education in public schools;
- 5 percent increase in family involvement in ECLIPSE, through parent support activities that include parent training and psychoeducational support groups; and
- 5 percent reduction in the time children and families are enrolled in the ECLIPSE program (average enrollment is currently 20 months).

### **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?***

The ECLIPSE program benefits children and families in a manner that is consistent with the department's goal to provide high quality early learning opportunities for children and families in Washington.

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

This package supports Governor Inslee's Goal #1 to provide children with a world-class education . Continued funding of the ECLIPSE program will increase the percentage of children enrolled in high-quality learning programs and increase the percentage of children receiving early intervention services.

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

In addition to Results Washington and the DEL Strategic Plan, ECLIPSE also connects to the Essentials for Childhood work underway at the Department of Health (DOH) and DEL to help families learn how to create safe, stable and nurturing relationships and environments for young children.

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

Since 2013, employees of DEL and the Health Care Authority (HCA) have been working to create a State Plan Amendment to authorize a therapeutic suite of services that would meet the federal Centers for Medicare and Medicaid Services (CMS) criteria for reimbursement to better serve these children and families. The agencies are seeking Medicaid funding because changes in federal Medicaid policy now allow the department to authorize a suite of services that are applicable to and specialized for this population . These therapeutic needs have not previously been fully recognized or reimbursed . If the Legislature were to approve the state pursuing Medicaid funding from CMS, and the program were approved, then an element of the CMS criteria will be that the services must be available and offered statewide. More detail on the State Plan Amendment is attached to this request.

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

Not providing the base funding of \$2,152,000 needed to keep the program running would result in substantial reductions of these comprehensive services for approximately 350 children and their families in King and Yakima Counties . The program would need to dramatically decrease services and institute a wait list for one of its most vulnerable client groups . Loss of this program would also put additional strain on the Early Support for Infant and Toddler (ESIT) program, but particularly the K12 special education system.

***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***

Client Service Contracts: \$2,152,000 fiscal year 2017, to replace the \$2,152,000 federal authority for the 2015-17 biennium that cannot be used as match to state funds for the ECLIPSE program.

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

The request for the \$2,152,000 GF-S is assumed to be ongoing.

<b><u>Object Detail</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
N Grants, Benefits & Client Services		2,152,000	2,152,000

**Agency:** 357 Department of Early Learning  
**Decision Package Code/Title:** B2 Time, Attendance, & Payment System  
**Budget Period:** 2015-17  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

\*This package is a placeholder.\*

The Department of Early Learning (DEL) will be requesting necessary staffing and General Fund-State funding in fiscal year 2017 and future fiscal years to implement a Software-as-a Service (SaaS) solution for an electronic time, attendance, and payment solution for Working Connections Child Care (WCCC) and Seasonal Child Care (SCC) subsidy programs, and the Early Childhood Education and Assistance Program (ECEAP).

The solution will streamline provider payments by incorporating ECEAP invoicing, Early Achievers quality rating improvement awards and professional development incentives which are currently supported through legacy systems and manual paper-based processes. This system will also provide an application for authorized parents or guardians to check children in and out of early learning programs through a tablet device or mobile phone, and access an online portal to review documents and attendance records. Providers will access the same online portal to review records and submit electronic invoices to the State to reconcile and produce payment. Paper timesheets and invoices are replaced with this new solution that ties together child care attendance and provider payments, while existing eligibility and authorization systems will interface to the new electronic system, which has proven successful in reducing costs in numerous states across the nation. This project will be designed to enable other state agency programs to re-use this enterprise solution for similar needs within the health, human service, and early care and education domains.

**Fiscal Detail**

**Operating Expenditures**

**Total**

**Total Cost**

**Package Description:**

In the 2015-17 enacted budget, the Office of the Chief Information Officer (OCIO) was provided funding "to develop a statewide strategic business and technology architecture plan for time capture, payroll and payment processes and eligibility and authorization processes for DEL. A childcare attendance and billing solution must be designed or modified to align with the statewide enterprise strategy once the strategic architecture is established. The plan shall be completed and delivered to the appropriate committees of the Legislature by December 1, 2015." This package is currently a placeholder that will include more accurate cost estimates and an implementation plan.

A single solution will streamline provider payments from various DEL and DSHS systems by incorporating ECEAP invoicing, Early Achievers quality awards and professional development incentives which are currently supported through legacy systems and manual paper-based processes. This system will also provide an application for authorized parents or guardians to check children in and out of early learning programs through a tablet device or mobile phone, and access an online portal to review documents and attendance records. Providers will access the same online portal to review records and submit electronic invoices to the State to reconcile and produce payment. Paper timesheets and invoices are replaced with this new solution that ties together child care attendance and provider payments, while existing eligibility and authorization systems will interface to the new electronic system, which has proven successful in numerous states across the nation. This project will be designed to enable other state agency programs to re-use this solution for similar needs within the health, human service, and early care and education domains.

The time, attendance and payment project will utilize existing state technology to implement a legislatively-mandated attendance and payment system. The Department of Social and Health Services' (DSHS) Provider Compensation Subsystem and Services (PCSS), now known as Individual ProviderOne or IPOne) solution, a sub-component of ProviderOne, could be re-used and configured to meet enterprise business needs for time capture and payment, while supporting the Office of the Chief Information Officer (OCIO) Enterprise Architecture technology strategy.

Concurrently, this project will retire the DSHS Social Service Payment Service (SSPS) for child care provider invoicing and claiming processes, and replace a paper-based attendance record keeping process with a SaaS solution. The attendance and payment system will provide data at the level of the child's classroom, and will be sent to the state education data center to support longitudinal research on early childhood outcomes. This system will serve as the department's payment system and incorporate ECEAP, Early Achievers, and professional development payments into a single payment for early care and education and school-age providers. DEL is continuing to work with IPOne staff at DSHS to develop an estimate of costs and an implementation plan going forward. A final decision package will be submitted by the end of October 2015.

By using this project to address a number of inefficiencies across multiple state agencies, leverage an existing social service provider payment solution, and enable other state agency programs to re-use for similar needs, DEL will serve as a leader in the transformation process for other state agencies to model an enterprise approach for implementing service-oriented technology solutions.

The OCIO enterprise architecture study recommended that DEL leverage existing SaaS solutions, such as the IPOne in order to meet DEL's immediate business needs, while also ensuring that the solution can be re-used for other state agencies. IPOne currently supports domestic payroll and services for social service providers employed by clients of DSHS and is scheduled to go live in January 2016. DEL intends to integrate with the IPOne solution in order to calculate and issue early care and education provider payments, and track child attendance. Integrating with IPOne will allow DEL to utilize an existing reusable and configurable payment solution.

The IPOne solution has established interfaces with SSPS, the statewide Agency Financial Reporting System (AFRS), the Service Employees International Union (SEIU) and the Benefits Solution Inc. (the Health Trust Administrator) to support provider payment processing. Current IPOne capabilities that can be configured to meet DEL business needs include:

- Receive provider and client eligibility and/or authorizations
- Enroll/register providers in order to receive payment
- Enter individual provider time (by way of paper timesheets, web-portal, or mobile application)
- Submit electronic claims
- Manage provider rates
- Calculate 1099 and W 2 tax status
- Manage deductions, co payments, taxes, social security payments
- Manage provider addresses for warrants
- Perform adjustments and track payments

This project will include enhancements to existing authorization sources, the location of current data sets, and the addition of a time and attendance module. New capabilities to be added in a child care module within IPOne include the ability to collect time and attendance data for children in subsidized settings, and provide the option to track attendance for non subsidized recipients.

Collecting attendance at the level of the child's classroom for licensed child care providers, licensed-exempt child care providers, and ECEAP contractors will support longitudinal research and investments in state resources. The attendance module will be expandable to other programs with similar business needs across the enterprise, such as the DSHS' Children's Administration childcare subsidy programs. Electronic attendance records will also provide increased capabilities for risk-based audits.

Functions are needed to initiate, calculate, and issue subsidy payments, which is currently supported by the DSHS SSPS. Changing

from the 40-year old phone and paper billing system, clients and providers will now have access to an online portal, and mobile applications will be available to enter attendance data and review account information. While the payment solution will streamline provider payments (ECEAP invoicing, Early Achievers awards and professional development incentives) at DEL and DSHS, the new solution will reduce the amount of time it takes most providers to calculate invoices and increase the accuracy of invoices. Real-time attendance data will allow enhanced audit and fraud detection techniques to be applied, saving money by reducing provider errors, collecting more overpayments, and identifying fraud.

DEL is currently researching costs and implementation timelines which will be available in the final decision package submitted later in October 2015. However, this project will deliver incremental value in a phased approach, including:

- Consultation with the Parent Advisory Group (PAG) on system requirements and usability throughout project implementation;
- Engagement with internal and external stakeholders for deliverables management, user acceptance testing, etc;
- Pilot of time and attendance capture for ECEAP Contractors, licensed, and licensed exempt child care providers; and
- Timed release of consumer and provider portals

## **Narrative Justification and Impact Statement**

### ***What specific performance outcomes does the agency expect?***

The department expects the solution will result in the following outcomes:

-Increase the accuracy of subsidy payment to WCCC and SCC providers and realize a 30 percent decrease in identified overpayments within three years. Currently, 72 percent of provider payments audited by DEL include some amount of overbilling. In FY15, DEL audited the monthly attendance records of 7,538 providers, representing 15,343 children. Children's Administration childcare subsidy programs are likely to see the same increase in accuracy.

-Establish fraud detection algorithms to build a risk-based approach for fraud detection. This will allow the department to identify trends across child care subsidy and licensing and improve subsidy auditing methods.

-100 percent of child attendance will be recorded electronically at the level of the child's classroom. This will provide child care providers and ECEAP contractors online access to attendance information for all of the children at their facility. Collection of attendance data at the classroom level is required by the Early Start Act of 2015 and an integral component of conducting longitudinal child outcome research.

-Provide child care providers a portal to directly review child records for their facility, instead of going through a help desk.

-Provide clients a web-portal to review child records and documents.

-Decrease the amount of time providers spend preparing and submitting invoices through automation and allowing them more time with the children in their care.

-100 percent of billing and payment records will be captured and stored electronically by the department. Electronic attendance records will make fraudulent claims much more difficult than the paper based and self-reported attendance of children.

-Reduce the department's administrative time for determining appropriate payment from 10 days to 2 hours.

-Decrease the cost of care per household by 5 percent. Another state with a similar solution (Oklahoma) experienced a 10.4 percent per child cost decrease post implementation.

-The system will provide 99.99 percent availability 24 hours per day, 7 days a week, 365 days per year.

## **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?***

A comprehensive time, attendance and payment system will help the department promote systems excellence and ensure the department is well-managed.

This project is a strategic investment in technology infrastructure and will allow people to make data-driven decisions. This system will enable the department to use data to inform strategies and resources, and provide data analytics and governance in support of agency mission, goals, and objectives.

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

By reducing administrative time for providers and allowing them more time with the children in their care, this proposed system will increase the quality of care and provide a baseline for identifying connections between high quality child care and K 12 outcomes. This supports Governor Inslee's Goal #1 to provide more children with a world class education.

This proposal also supports Governor Inslee's Goal #5 to make government more efficient, effective, and accountable by using Lean management principles such as standardizing processes, creating records that are easily accessible for audits and reports, modernizing old IT systems, and improving data security. This project will:-

- Align with open and transparent government by replacing paper based records with electronic attendance and payment records;
- Create electronic records which are easily accessible for audits and fraud detection, reports, data requests or public inquiries;
- Standardize attendance capture processes between licensed child care providers, licensed exempt child care providers, and ECEAP contractors;
- Align with state IT strategic objectives of mobility. It will provide a platform to move to mobile applications for childcare subsidies, and build capacity to use mobile applications for providers and parents to check on the status of payments and attendance;
- Align with the modernization of state government by retiring SSFS for child care provider invoicing and claiming processes;
- Align with innovative delivery of services by replacing legacy SSFS functions with a SaaS cloud solution which is in line with the OCIO security strategy to integrate cloud technology with state infrastructure; and
- Improve data security by employing modern protocols, access control points and firewalls instead of paper records sent through the mail.

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

Prior procurement efforts allowed DEL to conduct outreach with the potential vendor community, collect new market research on similar systems in other states, and incorporate suggestions to strengthen project requirements, schedule expectations, budget estimates and resource needs. Lessons learned from the ProviderOne and IPOne projects can inform the strategy for this project and be re-used and benefit multiple state agencies.

In FY13, DEL contracted with a vendor to complete a feasibility study and business case to study the existing child care subsidy system and for developmental planning of a replacement system known as the Attendance and Billing for Childcare Subsidies (ABCS) system, formerly referred to as the Time Attendance and Billing System (TABS). This study is available on request.

Outreach was made nationally and internationally to states and municipalities with similar systems (such as New York, Oklahoma, Toronto, etc.) to determine one-time and ongoing costs as well as to identify best practices and avoid potential pitfalls other states have experienced with similar projects.

A request-for-bid (RFB) for the attendance and payment component was released in January 2014 and returned just one bid which was substantially higher than the studies indicated it would be. DEL contacted the bidder and vendors that downloaded the RFB but did not bid for their feedback. That feedback will be incorporated into a new request-for-proposal (RFP). The feedback included

difficulty with a proprietary software to respond, lack of clarity on mandatory requirements, and high risk for the vendor.

DEL completed outreach to potential bidders to provide information on system needs and posted a request-for-information (RFI) to elicit questions from vendors that were incorporated into a new RFP. A bidders' conference was conducted in December 2014 to collect additional information and answer questions from potential bidders during the question and answer period of the RFP.

DEL issued an RFP that included revised requirements for clarity, grouped requirements by functional area, and restructured payment requirements to interface with AFRS. DEL received four bids in January 2015 from viable vendors and notified one proposer to advance into implementation planning workshops. An apparently successful vendor was to be named in April 2015.

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

Elyon, the OCIO Contractor, completed an as is assessment of existing payment request, payroll calculation, and payment issuance capabilities within DSHS, DEL, HCA, HBE, and DOH. This assessment was used as a foundation to identify opportunities for reuse, integration, and interoperability of available solutions among agencies. The OCIO Contractor recommendation is to leverage existing enterprise technology and systems.

DEL went through the procurement process last year for a SaaS time, attendance and payment system specific to DEL which included a Request for Information (RFI), Bidders Conference, and a Request for Proposal and received responses from the vendor community. One of the top bidders on the RFP is also the contractor on the IPOne project and has deep knowledge of IT policies, procedures and the operations of state government in Washington. The IPOne vendor has demonstrated they have the ability to meet DEL's needs in their response to the RFP, and leveraging the IPOne system follows the Enterprise Architecture strategy for statewide transformation.

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

Without an electronic time, attendance, and payment solution, the department will have to continue relying on the paper process currently used by child care providers. Data collection required by the Early Start Act would be more time consuming and have a higher error rate than an electronic solution. High error rates lead to increased overpayments (over \$7 million in 2013 alone for WCCC and SCC), and high overpayment rates lead to audit findings, which reflects poorly on program integrity and accountability. Subsidy money is federal and those federal funds could be withheld if the rate of fraud and subsequent overpayment continues.

***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?***

DEL will need to identify viable options for the procurement approach, which will involve the Department of Enterprise Services' State Contracting Office. Contractual options include sole source procurement, request for bid, and inter-agency agreement.

Potential cost savings to consider include requiring payee direct deposit, via electronic funds transfer or debit card option. This would require labor union negotiations.

***Expenditure and revenue calculations and assumptions***

The estimated total cost to support staffing, procurement, quality assurance, change management, and SaaS software configuration for an electronic time, attendance, and payment solution is unknown at this time. DEL will continue to research recommendations made by Elyon in its draft report and will continue to work with the IPOne contractor to develop cost estimates and an implementation plan.

Below are some preliminary estimates of resources that will be needed, however, actual cost projections will be available at the end of October. These estimates reflect only the current biennial need. The final decision package will include estimates for fiscal years in future biennia when the system is fully implemented.

FTE, Fiscal Year 2016:

-0.5 Information Technology Specialist (ITS) 5 (Project Manager): Prepare project management documentation, investment planning documentation and procurement for Special Assistant Attorney General, External Quality Assurance, Project Management/Analyst

Support, Change Management, Independent Verification and Validation (IV&V), and possible SaaS Solution.

-0.5 ITS 5 (Business Analyst): Assist Project Manager with required project documentation and procurements. Validate and revise requirements and technical documentation.

FTE, Fiscal Year 2017:

-1.0 WMS2 to act as the time, attendance and payment Program Manager.(ongoing);

-1.0 ITS5 to act as a project manager, then transition to a system manager (ongoing);

-1.0 ITS5 business analyst to manage requirements and defects (ongoing);

-1.0 ITS3 project coordinator to coordinate project activities with internal and external stakeholders (one-time, through project close-out);

-1.0 ITS5 .NET software interface developer to develop, maintain and upgrade the system interfaces (ongoing);

-1.0 ITS5 .NET software Developer to develop and upgrade the system interfaces (one-time, through project close-out);

-1.0 ITS5 SQL business intelligence, integration developer to maintain and upgrade data and reporting data infrastructure (ongoing);

-1.0 ITS5 data warehouse developer to build and maintain a data reporting structure for business operations, research, and audits (ongoing);

-1.0 ITS5 system, integration tester for vendor system and interfaces (ongoing);

-1.0 ITS5 system, integration tester for vendor system and interfaces (one-time, through project close-out);

-1.0 ITS3 project support, help desk to field project and system inquiries and facilitate issue resolution (one-time, through project close-out);

-2.0 Management Analyst 4 (MA4) to support project readiness activities for organizational change management (one-time, through project close-out);

-1.0 Management Analyst 4 (MA4) to support fiscal audit, fraud detection, and accounting requirements (ongoing); and

-2.0 Financial Analyst 1 (FA1) for fiscal support and data entry (ongoing).

Professional service contracts in Fiscal Year 2016 for the following:

-External quality assurance, as required by the Office of Chief Information Officer;

-Special assistant attorney general services to review and provide legal consultation during procurement efforts.

-Expert level project management and analysis support for the project.

Professional service contracts in Fiscal Year 2017 for the following:

-Software as a Service (SaaS) system configuration

-An organization change management specialist. This specialist will lead efforts to change the culture at DEL and the four other affected agencies, including DSHS, the Department of Health, the Health Benefit Exchange, and the Health Care Authority.

-Expert level project management and analysis support for the project.

-Independent Verification and Validation Services for management with an independent perspective on project activities and to promote early detection of project/product variances. This allows the project to implement corrective actions to bring the project back in-line with agreed-upon expectations.

-External quality assurance, as required by the Office of Chief Information Officer.

Professional service contracts in Fiscal Year 2018 for the following:

-Software as a Service (SaaS) system configuration and subscription fees;

-An organization change management specialist, as defined above;

-Expert level project management and analysis support for the project;

-External quality assurance, as required by the Office of Chief Information Officer; and

-Independent Verification and Validation Services.

Goods and Services in Fiscal Year 2017 for the following:

-Special assistant attorney general services to review and provide legal consultation during procurement efforts;

-Software licenses such as developer tools; and

-Standard FTE costs, including specialized IT training, PC leases, supplies and materials and communications.

Goods and Services in Fiscal Year 2018 for the following:

-Expert level project management and analysis support for the project; and

-Special assistant attorney general services to review and provide legal consultation during procurement efforts.

Contingency costs for unanticipated expenses are assumed to be 20 percent of combined personal service, goods and services (except

for the contingency fee itself), contract amounts and travel.

Travel costs will be necessary to attend any out of town meetings such as training or conferences.

Indirect costs for agency administration and central services are calculated at 33.1 percent of salaries and benefits. This is for administration and management of the department including governance, executive management, fiscal operations, human resources, communications and outreach, government relations and agency information technology services. It is also for agency central services including space and utilities, data processing fees and equipment leases, communications, attorney general and audit services and other mandatory charges for services from the Department of Enterprise Services.

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

Implementation will cross biennium boundaries and the department anticipates certain costs will be one-time.

One-time costs may include:

- Software as a Service (SaaS) configuration, procurement, licensing fees, and hardware distribution, and training;
- Change management specialist, external quality assurance, Special Attorney General (SAAG) services, and contract contingency amounts

Ongoing costs (maintenance) may include:

- Monthly/annual authentication device subscription costs (for example, a data plan);
- Call center staffing (Multi-language support and translation services) for billing and payment support;
- Training through online learning management system (LMS) and system testing;
- Authentication device distribution (procurement, installation, configuration, & shipping);
- Annual 1099 and W-2 distribution

**Agency:** 357 Department of Early Learning  
**Decision Package Code/Title:** B3 Parity for Child Care Centers  
**Budget Period:** 2015-17  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

In the summer of 2015, DEL and the Service Employees International Union Local 925 (SEIU 925) fulfilled a contract reopener clause that was negotiated the prior year to review and propose changes to base subsidy rates and tiered reimbursement rates for fiscal year 2017 of the family child care provider contract in effect July 2015 through June 2017. The parties agreed to selected base rate increases and revised tiered reimbursement awards for providers rating at levels 3, 4 and 5 in Early Achievers.

The department requests \$20,833,645 of General Fund State funding in order to fund the same increases (parity) for centers that participate in Working Connections Child Care (WCCC), Seasonal Child Care (SCC), and Homeless subsidy programs.

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
001-1 General Fund - Basic Account-State		20,833,645	20,833,645
<b>Total Cost</b>		<b>20,833,645</b>	<b>20,833,645</b>

**Package Description:**

During bargaining of the 2015-17 biennial collective bargaining agreement in the summer of 2014, DEL and SEIU 925 negotiated a contract reopener clause to further negotiate subsidy rates and other Early Achiever benefits the following year (in the summer of 2015). At the reopener bargaining this past summer, the parties agreed to selected base rate increases for licensed family homes and revised tiered reimbursement awards for family home providers rating at levels 3, 4 and 5 in Early Achievers. The level award for providers at level 2 remains at 2 percent.

To arrive at the negotiated base rate increases, current rates were compared to latest market rate survey. Where the current subsidy rates fell below the market rate for a level 3-rated provider, the base rate was increased so that a level 3-rated provider would be paid at the 75th percentile. The result of this was an 8 percent across-the-board rate increase for family homes, although the actual rate increases vary from 0-35 percent and will be allocated specifically by regions and child age groups.

Additionally, the tiered reimbursement rates were adjusted as follows: The level 3-rated providers increased from 4 percent to 10 percent, level 4-rated providers increased from 10 percent to 15 percent, and level 5-rated providers increased from 15 percent to 20 percent.

To implement these same increases for centers that participate in Working Connections Child Care (WCCC), Seasonal Child Care

(SCC), and Homeless subsidy programs is projected to cost \$20,833,645.

**Narrative Justification and Impact Statement**

***What specific performance outcomes does the agency expect?***

Parity for center providers relative to CBA amendments will rationalize provider subsidy base rates across provider types and will incentivize and facilitate progression through Early Achievers. This will result in subsidy eligible children across the state having access to demonstrated quality centers qualified to receive subsidy payments. With increased access to high quality learning experiences, DEL expects more children will enter kindergarten ready - as demonstrated by the Washington Inventory of Developing Skills (WaKIDS) - and more children will meet or exceed grade level expectations by third grade. The Department will also expect to see reduced grade level retention, transitional bilingual education and special education enrollment by third grade.

**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?***

This decision package supports DEL's Strategic Plan to:

- Incentivize and facilitate quality improvements in early learning programs;
- Implement a comprehensive, statewide, integrated system of preparation and professional development for early learning professionals;
- Fully fund and implement a voluntary Quality Rating and Improvement System (QRIS) so that early learning and school age providers have the support and resources necessary to improve the quality of their programs and environments.

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

This request supports Governor Inslee's Goal #1 to provide Washington children with a world-class education and meet the following priorities:

- Increase the percentage of children enrolled in high quality early learning programs from 2013 baseline to targets per program; and
- Increase the percentage of children entering kindergarten who demonstrate they are ready by 2 percent by 2015.

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

The Child Care Development Block Grant (CCDBG) Reauthorization Act of 2014 requires states to take into consideration the cost of providing higher quality care, and the tiered reimbursement increases applied consistently across licensed provider types meets that requirement. The Early Start Act of 2015 also requires all licensed providers who accept subsidy to participate in Early Achievers and meet level requirements on certain timelines, and parity of tiered reimbursement awards is essential to keeping center providers on that track.

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

The state is bound to the terms of the Collective Bargaining Agreement with respect to subsidy rates and tiered reimbursement as they effect licensed family home providers. DEL considered not seeking parity for licensed center providers but rejected this solution because it failed to meet the requirements of CCDGB reauthorization, created a bifurcated payment and tiered reimbursement system, and did not facilitate center providers meeting Early Start Act requirements.

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

Without this package, DEL will fail to meet the requirements of CCDGB reauthorization, create a bifurcated payment and tiered reimbursement system, and will not facilitate center providers meeting Early Start Act requirements.

***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***

Grants, Benefits, and Client Services: \$20,833,645

**I. Base Rate Increase**

The subsidy base rate increase for WCCC is calculated as follows. The number of WCCC families in centers is 18,434 and the average cost per family in a center is \$750.28. The rate increase is 8% for both the state and family copay portions, giving an effective rate of 8.8%. The center cost in WCCC is \$14,605,179 (18,434 families X \$750.28 X 8.8% X 12 months = \$14,605,179).

The subsidy base rate for SCC is calculated as follows. The number of SCC families in centers is 104 and the average cost per family is \$1,075. The rate increase is 8% for both the state and family copay portions, giving an effective rate of 8.8%. The center cost in SCC is \$118,061 (104 families X \$1,075 X 8.8% X 12 months = \$118,061).

The subsidy base rate for the Homeless Program is calculated as follows. The number of homeless families in centers is 130 and the average cost per family is \$494. The rate increase is 8% for both the state and family copay portions, giving an effective rate of 8.8%. The center cost in the Homeless Program is \$67,816 (130 families X \$494 X 8.8% X 12 months = \$67,816).

Therefore, the total cost of the subsidy base rate increase is \$14,791,056 for FY17 (\$14,605,179 + \$118,061 + \$67,816 = \$14,791,056).

**II. Level Award Rate Changes**

The cost of tiered reimbursement (level awards) rate changes was calculated in nine steps, starting with the February 2015 WCCC forecast and DEL's projections in December 2014 for the number of children in each early achievers level as required by the Early Start Act.

Step 1. The new level awards were increased as follows for WCCC.

The average monthly subsidy rate for a center provider in FY16 is \$497.76. This amount was adjusted for the base rate increase to occur in July 2016 of 2 percent and for twelve months, to arrive at an annual base payment of \$6,093 ( $\$497.76 \times 1.02 \times 12 \text{ months} = \$6,093$ ).

Level 2: The current FY17 2% award is \$122 ( $\$6,093 \times .02 = \$122$ ) and no change is proposed.

Level 3: The current FY17 annual 4% award is \$244 ( $\$6,093 \times .04 = \$244$ ). The proposed FY17 annual 10% award is \$610 ( $\$6,093 \times .10 = \$610$ ).

Level 4: The current FY17 annual 10% award is \$610 ( $\$6,093 \times .10 = \$610$ ). The proposed FY17 annual 15% award is \$915 ( $\$6,093 \times .15 = \$915$ ).

Level 5: The current FY17 annual 15% award is \$915 ( $\$6,093 \times .15 = \$915$ ). The proposed FY17 annual 20% award is \$1,220 ( $\$6,093 \times .20 = \$1,220$ ).

Step 2: The projected number of children at each level, previously determined by using the February 2015 forecast and the provider levels targets required under the early start act, was multiplied by the current FY17 level award amounts and the proposed level award amounts. At level 2, the awards stayed at \$1,496,330 under the current and proposed award amounts. At level 3, the awards went from \$2,612,996 to \$6,532,490. At level 4, the awards went from \$1,337,730 to \$2,006,595. At level 5, the awards went from \$91,500 to \$122,000. The total awards at current reimbursement rates are \$5,538,556 ( $\$1,496,330 + \$2,612,996 + \$1,337,730 + \$91,500 = \$5,538,556$ ). The total awards at the proposed reimbursement rates are \$10,157,415 ( $\$1,496,330 + \$6,532,490 + \$2,006,595$ ).

+ \$122,000 = \$10,157,415).

Step 3: The same calculations in Step 2 were performed to determine the cost for increasing the family home awards by to the same amounts. These amounts were included in the collective bargaining cost proposal submitted by OFM.

Step 4: The cost per child figure was calculated by dividing the total level awards by the number of children in WCCC in centers and family homes. The cost with the current tiered rates is \$196 and with the new rates is \$357.

Step 5: The amount of level awards for the Homeless and Seasonal child care programs were determined. The Homeless childcare program has an average caseload of 130 children providers who are not covered under the collective bargaining agreement. Using the per child rate established in Step 4, the annual level awards were calculated. Under current rates, the level awards for providers are \$25,480 ( $\$196 \times 130 = \$25,480$ ). Under proposed rates, the level awards for providers are \$46,020 ( $\$354 \times 130$ ). Seasonal childcare has an average caseload of 3,501 children, 16% served by centers. Using the per child rate established in Step 4, the annual level awards were calculated. Under current rates, the level awards for center providers are \$109,791 ( $\$196 \times 3,501 \times 16\% = \$109,791$ ). Under proposed rates, the level awards for center providers are \$198,297 ( $\$354 \times 3,501 \times 16\% = \$198,297$ ).

Step 6: The totals level awards for WCCC and SCC center providers and for all of Homeless were summed, for a total of \$5,673,827 for the current level award rates ( $\$5,538,556 + \$25,480 + \$109,791 = \$5,538,556$ ) and \$10,401,732 ( $\$10,157,415 + \$46,040 + \$198,297 = \$10,401,732$ ) for the proposed new rates.

Step 7: The total level awards for the three programs in Step 6 were multiplied by a factor of 1.09 to account for the 12 months of guaranteed child care under the early start act that begins July 1, 2016. Under the current awards, this came to \$6,166,247 ( $\$5,673,827 \times 1.09 = \$6,166,247$ ). Under the proposed new award amounts, this came to \$11,304,478 ( $\$10,401,732 \times 1.09 = \$11,304,478$ ).

Step 8: The amount for the new award amounts was multiplied by 1.08 to reflect the subsidy base rate increase effect of the awards, for a total amount of \$12,208,836 ( $\$11,304,478 \times 1.08 = 12,208,836$ ).

Step 9: The cost of the existing award amounts was subtracted from the proposed awards amount, for a difference of \$6,042,589 ( $\$12,208,836 - \$6,166,247 = \$6,042,589$ ), representing the cost of the proposed level award amounts for WCCC center providers, SCC center providers and for the Homeless child care providers.

***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		20,833,645	20,833,645

**Agency:** 357 Department of Early Learning  
**Decision Package Code/Title:** B4 Reducing Financial Risk  
**Budget Period:** 2015-17  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Department of Early Learning (DEL) has received multiple audit findings surrounding the proper eligibility determination, reporting and cash management of its federal funds. To mitigate the potential for future audit findings, DEL requests \$165,000 in fiscal year 2017 to hire an internal auditor to assist with ensuring services and processes comply with RCW 43.88.160(4)(a). This position will conduct internal audits to find issues that need to be fixed prior to a formal audit by state and federal auditors.

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
001-1 General Fund - Basic Account-State		165,000	165,000
<b>Total Cost</b>		<b>165,000</b>	<b>165,000</b>
<b>Staffing</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Annual Average</u></b>
FTEs	.0	1.0	.5

**Package Description:**

DEL has insufficient capacity to manage financial risk, which has led to audit findings that could put the continued receipt of federal awards at risk. Since the creation of the agency in 2006, the State Auditor's Office reported 18 inadequacies (known as "findings") in DEL's system of internal controls and federal grants management. A complete list of these findings is in the attached "Reducing Financial Risk-DEL Audit Findings."

DEL proposes to hire an internal auditor reporting directly to the agency director - a common reporting structure for agencies with an internal audit function. This position would be responsible for all internal audit functions including:

- Auditing, consulting, data management, investigative, and learning and development services;
- Providing leadership and technical analysis that informs and helps shape executive decisions across all operational areas and agency policies, procedures, agreements, and contracts;
- Implementing a systematic, disciplined approach to evaluate and improve the effectiveness of agency risk management, internal control, and adherence to state and federal laws, rules, regulations, and agency policies;
- Producing an annual agency audit plan, based on the output of an enterprise risk assessments;
- Maintaining and reporting on unit service efforts and accomplishments using a system of key performance metrics;
- Promoting good internal controls and accountability, including for federal awards;
- Analyzing business processes and information systems to identify driving forces, logic, structure, timings, and dependencies; and
- Managing concurrent financial, compliance, performance, and information system audit and consulting projects within tight timelines and in accordance with International Standards for the Professional Practice of Internal Auditing (ISPPA) standards (the Red Book).

## **Narrative Justification and Impact Statement**

### ***What specific performance outcomes does the agency expect?***

DEL will receive fewer initial audit findings and fewer repeat audit findings in future years, thereby lowering the agency's financial risk and increasing public confidence in the agency's management of funds.

### **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?***

An internal auditor promotes system excellence by ensuring DEL is well managed (Goal #4 of the agency strategic plan).

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

An internal auditor supports Governor Inslee's Goal 5: Make government efficient, effective and accountable. The auditor will strengthen DEL's ability to manage risk, and review and improve agency operations in order to minimize waste and maximize value for stakeholders.

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

Agency stakeholders will benefit from this addition because DEL will be able to improve processes, reduce risks and help meet other strategic plan goals.

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

DEL looked at reassigning existing employees to do this work, but the agency lacks staff capacity within the financial services unit to perform the duties of an internal auditor, so the alternative to request funding for a full time internal auditor was chosen.

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

Without this package, DEL will not be able to focus dedicated resources on improving processes and procedures in a timely manner to reduce the number of audit findings. The financial risk will continue to be high until employee workload allows adequate time for review and implementation of new procedures. Audit findings may increase, leading to higher federal paybacks of disallowed expenditures in future years.

### ***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***

FTE, Salary and Benefits: 1.0 FTE WMS3 costing \$117,351 in fiscal year 2017. It is assumed the duties of the internal auditor would

be to:

- Conduct internal program audits;
- Audit agreements and contracts with external service providers;
- Investigate and determine whether fraud, waste, or abuse has occurred, or is likely to occur, within the department;
- Review agency operations in order to ensure conformance with agency management policies and the effectiveness of internal control measures, in conformance with generally accepted standard for internal auditing;
- Monitor and safeguard assets;
- Ensure the accuracy and reliability of accounting data and financial reports;
- Ensure compliance with applicable state and federal laws and regulations; and
- Respond to management/employee questions regarding state ethics law.

Goods and Services: \$1,806 in fiscal year 2017 for direct goods and services for the FTE, including computer lease, communications, supplies and materials and training.

Travel: \$1,000 in fiscal year 2017 to attend necessary out of town meetings such as training or conferences.

Capital Outlay (equipment): \$6,000 in fiscal year 2017 for one time purchase of office furniture and equipment for the FTE.

Intra-Agency Reimbursements: \$38,843 in fiscal year 2017 for indirect costs for agency administration and central services, calculated at 33.10 percent of salaries and benefits ( $\$117,351 \times 33.10\% = \$38,843$ ). This is for administration and management of the department including governance, executive management, fiscal operations, human resources, communications and outreach, government relations, and agency information technology services. It is also for agency central services including space and utilities, data processing fees and equipment leases, communications, attorney general and audit services, and other mandatory charges for services from the Department of Enterprise Services.

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

All costs are assumed ongoing, except for one time office furniture and equipment expenditure in fiscal year 2017.

<b><u>Object Detail</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
A Salaries And Wages		89,323	89,323
B Employee Benefits		28,028	28,028
E Goods\Other Services		1,806	1,806
G Travel		1,000	1,000
J Capital Outlays		6,000	6,000
T Intra-Agency Reimbursements		38,843	38,843
<b>Total Objects</b>		<b>165,000</b>	<b>165,000</b>

**Agency:** 357 Department of Early Learning  
**Decision Package Code/Title:** B5 Healthiest Next Generation  
**Budget Period:** 2015-17  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Department of Early Learning (DEL) requests 2.0 FTEs and \$342,318 of ongoing General Fund-State funding to continue implementing the Healthiest Next Generation (HNG) initiative. The HNG initiative is the coordination of comprehensive health services between DEL, Department of Health (DOH), and Office of Superintendent of Public Instruction (OSPI). Through the work of these agencies, the HNG initiative has made significant improvements in nutrition and physical activity for young children and has exposed the need for continued coordination.

Funding will be used to address statewide health coordination and case management in early learning, and support the training and mentoring of child care providers, licensors, Early Achievers coaches, and others on areas that support child health.

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
001-1 General Fund - Basic Account-State		342,341	342,341
<b>Total Cost</b>		<b>342,341</b>	<b>342,341</b>
<b>Staffing</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Annual Average</u></b>
FTEs	.0	2.0	1.0

**Package Description:**

The initial goal of the HNG initiative, which started as collaboration between DEL, DOH and OSPI, was to help children maintain a healthy weight, enjoy active lives, and eat well. The legislature provided one-time funding for staff in all three agencies in fiscal year 2015. Funding has been provided in the 2015-17 budget to continue the DOH coordinator work; however, funding was not provided for coordinators at DEL and OSPI. Without ongoing funding for all three agencies, the 'health in all environments,' approach cannot be sustained and we will lose momentum and partner support. Successes in the work and discussions with stakeholders are prompting requests to use the HNG initiative to frame all the health issues we partner to address.

Healthy eating and physical activity, including fundamental movement skills, are crucial for child health and development, school readiness, and for children to achieve their full potential. Early care and education settings are widely recognized as critically important places to support children to maintain a healthy weight, enjoy active lives, eat healthy, and develop healthy habits. It is important to draw for providers a clear connection between health issues and a particular skill or training offering and a result on the Environmental Rating Scale (ERS) or other assessments. The HNG initiative currently staffed at DEL made significant improvements in the systems supporting nutrition and physical activity for young children and has exposed the need for additional assistance to coordinate health services more broadly.

The HNG initiative focuses on strategies to create early learning settings, schools and communities that promote healthful choices, such as:

- Physical activity: Helping children be active at least 60 minutes a day and learn fundamental movement skills;
- Healthful eating: Making sure children are well fed and fed well, including having water to drink;
- Breastfeeding: Supporting breastfeeding friendly places;
- Tobacco, alcohol, and marijuana prevention;
- Immunizations;
- Suicide prevention; and
- Behavioral Health.

Funding of two full-time staff would allow the department to address statewide health coordination and case management in early learning, including areas beyond physical activity and nutrition. These areas include infant and toddler health services, behavioral services, health education for families and providers, and wellness support for community involvement in early childhood health. Funding would also support coordination of child health issues across DEL programs and across other agencies responsible for health services, health administration, health care reform, and risk management for young children.

Funding will also enable DEL to better coordinate and connect specific professional development offerings on health and safety for providers so that they might better improve results on the ERS and other assessments.

## **Narrative Justification and Impact Statement**

### ***What specific performance outcomes does the agency expect?***

The HNG proposal will continue current work and expand to achieve the following outcomes:

- Increase the number of children with chronic and acute conditions identified and served;
- Increase vaccination rates for children enrolled in early learning programs; and
- Reduce emergency room and doctor visits.

## **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?***

DEL's definition of high-quality program, based on the successful models of Head Start, Early Childhood Education and Assistance Program and others, includes comprehensive services that address both physical activity and nutrition and address health more comprehensively.

This initiative builds awareness for issues related to child health. A significant portion of the work of the HNG initiative involves sharing health focused information with the public, and working on communications strategies with state agencies and community organizations.

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

By preparing children for a healthy and productive life, this package directly supports Governor Inslee's Goal 1 to provide children with a world-class education.

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

Stakeholder groups have been providing feedback to DEL that children's health needs are not currently being adequately addressed. These stakeholders, including health advocacy organizations, child care health organizations, national child care organizations, and other state agencies, will be in support of this proposed investment.

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

DOH identified federal and state funding to continue this work at DEL through December 2015 and DEL has identified funding to continue the nutrition-focused work through June 2016. There is no sustainable funding available to continue this work at DEL beyond fiscal year 2016. When funding for HNG was eliminated for DEL and OSPI in the enacted biennial budget, DEL, DOH and OSPI each identified one-time funding from other related sources to continue the staffing until June 30, 2016. After that date, without additional funds, DEL will have to close its program.

One alternative to focus more on child health would be to reassign other staff to complete portions of this work. However, without health training and nursing certification, only certain work could be completed. DEL does not currently have the necessary staff to address statewide health coordination and areas beyond physical activity and nutrition in early learning.

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

Funding for the HNG is the only state-funded investment in childhood obesity prevention. Public and private sector partners are interested in making changes to support health in early learning, but those changes will not happen without staffing support. Not funding this request will significantly impact our ability to engage these partners, thereby preventing or significantly slowing implementation of recommendations by DEL and HNG partners.

***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***

Total costs for fiscal year 2017 are \$342,318 assuming:

FTE, Salary and Benefits: 2.0 FTEs costing \$228,789 assuming:

--1.0 FTE Nutritionist

--1.0 FTE Nurse Health Administrator

Goods and Services: 2.0 FTEs, \$2,000, comprised for direct program goods and services such as: communications, supplies, employee development and training, assuming \$1,000 per FTE ( $\$1,000 \times 2.0 \text{ FTE} = \$2,000$ ).

Capital outlay of \$6,000, one-time standard cost for office furniture and equipment for the Nurse Health Administrator (the Nutritionist on staff already has office equipment).

Travel: 2.0 FTEs, \$4,800 ( $\$2,400 \times 2.0 \text{ FTE} = \$4,800$ ).

Personal Service Contract: \$25,000 to support training and mentoring child care providers, licensors, Early Achievers coaches, and others on areas that support child health.

Intra-Agency Reimbursements: \$75,729 in fiscal year 2017 for indirect costs for agency administration and central services, calculated at 33.10 percent of direct salaries and benefits ( $\$228,789 \times 33.10\% = \$75,729$ ). This is for administration and management of the department including governance, executive management, fiscal operations, human resources, communications and outreach, government relations and agency information technology services. It is also for agency central services including space and utilities,

data processing fees and computer leases, communications, attorney general and audit services and other mandatory charges for services from the Department of Enterprise Services.

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

All costs are ongoing except for one-time equipment purchases in fiscal year 2017.

<b><u>Object Detail</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
A Salaries And Wages		173,671	173,671
B Employee Benefits		55,118	55,118
E Goods\Other Services		2,000	2,000
G Travel		4,800	4,800
J Capital Outlays		6,000	6,000
N Grants, Benefits & Client Services		25,000	25,000
T Intra-Agency Reimbursements		75,752	75,752
<b>Total Objects</b>		<b>342,341</b>	<b>342,341</b>

**Agency:** 357 Department of Early Learning  
**Decision Package Code/Title:** B6 Responsive Services  
**Budget Period:** 2015-17  
**Budget Level:** PL - Performance Level

### Recommendation Summary Text:

The Department of Early Learning (DEL) requests \$100,000 General Fund State (GF-S) in fiscal year 2017 to implement the National Standards for Culturally and Linguistically Appropriate Services (CLAS). Funding will support cultural and linguistic responsiveness training for DEL leadership and employees who provide direct services to children, families and early learning professionals. This proposal will also provide additional resources for DEL to translate and provide interpretation services for individuals who have limited English proficiency.

### Fiscal Detail

<b>Operating Expenditures</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
001-1 General Fund - Basic Account-State		100,000	100,000
<b>Total Cost</b>		<b>100,000</b>	<b>100,000</b>

### Package Description:

Professionals and partners in the early learning system are interacting with children, families, and caregivers from many different cultural and linguistic backgrounds. Providing culturally and linguistically appropriate services will improve service access and quality, and ultimately outcomes.

The CLAS standards were developed by the US Department of Health and Human Services (DHHS) Office of Minority Health in 2000 to advance equity, improve quality, and eliminate disparities in health outcomes. As Washington's population becomes increasingly diverse, culture and language are vital factors in how services are delivered and received. It is important that DEL leadership and staff understand and respond with sensitivity to the needs and preferences of culturally and linguistically diverse children, families, providers and partners.

DEL is requesting \$70,000 to purchase materials and provide cultural responsiveness training to 230 DEL staff that interact with families and early learning professionals, and \$30,000 to provide translation and interpretation services to implement national standards for culturally and linguistically appropriate services for children, families, and the professionals who support them. Training will help DEL staff develop knowledge and skills to be more effective in building cross cultural relationships, build more culturally inclusive teams, and provide culturally and linguistically responsive services.

## **Narrative Justification and Impact Statement**

### ***What specific performance outcomes does the agency expect?***

With this proposal, DEL expects to meet the National CLAS standards by the end of the biennium.

DEL will conduct an initial assessment to gather baseline data on the cultural and linguistic responsiveness of DEL's programs, policies, practices and services before implementing Culturally Linguistically Appropriate Service (CLAS) related activities. DEL will also integrate CLAS related measures into continuous quality improvement activities, collect and conduct ongoing assessments to measure the impact on the quality of service delivery.

DEL expects several outcomes from this investment - an initial assessment will enable the agency to set baseline levels from which to set performance targets. Specific outcomes for DEL include:

--An increase in the number of programs and initiatives that partner with diverse families, early learning professionals and stakeholders to design, implement, and evaluate DEL policies, practices, and services to ensure they are culturally and linguistically responsive.

--An increase in the number of individuals who have limited English proficiency and/or other communication needs who receive timely access to DEL services and opportunities.

--An increase in the number of DEL staff who can provide effective language assistance and culturally responsive services.

--An increase in the availability of easy to understand print, multimedia materials and signage in the languages commonly used by the populations in the areas DEL serves.

### **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?***

This request supports the development of high quality learning opportunities by ensuring that programs reflect the diverse needs and situations of Washington children and families. By also ensuring opportunities and resources are delivered in culturally and linguistically responsive ways, the agency is able to support early learning professionals, in addition to ensuring high quality early learning opportunities.

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

Training and supports to improve service access, quality of education, and child outcomes support the objectives listed within Governor Inslee's Goal #1 to provide a world class education to children. DEL will also be able to support culturally and linguistically appropriate STEM math and science training opportunities for early learning professionals.

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

This new funding will provide DEL with the opportunity to engage with culturally and linguistically diverse families and communities to learn how DEL can improve the agency's programs, services and supports and remove barriers to access and participation.

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

DEL can partially redeploy current staff to support the implementation of national CLAS standards; however, there are no alternative options for funding the trainings necessary to implement these activities. The agency has training funds budgeted throughout its

programs, but those funds are insufficient to also cover the costs of the new agency wide training proposed in this package. Therefore, the alternative to request additional funds was chosen.

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

The early learning professionals and families DEL serves will continue to not have access to the language assistance and culturally responsive services and materials they need to be successful. DEL will not make progress on eliminating disparities in educational outcomes for children.

***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?***

Implementation of CLAS standards may require Washington Administrative Code (WAC) changes. Implementation includes establishing culturally and linguistically appropriate policies, which may require changes to Early Childhood Education & Assistance Program (ECEAP) or licensing rules.

***Expenditure and revenue calculations and assumptions***

Goods and services: \$100,000 CLAS standard implementation and training in Fiscal Year 2017 assuming:

- \$69,000 for cultural responsiveness training, assuming training for 230 employees at \$300 per person (230 x \$300 = \$69,000).
- \$1,000 for supplies and materials to implement the CLAS standards.
- \$30,000 for translation and interpretation services, assuming 238 hours (14,280 minutes) of translations at \$.98/min (14,280 x \$.98 = \$14,000), and assuming 20,000 pages of documents at \$.80/page (20,000 x \$.80 = \$16,000).

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

The CLAS standards implementation and training are a one-time cost. The \$30,000 translation and interpretation costs are ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services		100,000	100,000