



## Agency Recommendation Summary

The Department of Children, Youth, and Families (DCYF) requests \$16,090,000 General Fund-State in the 2022 Supplemental Budget, in preparation for entitlement of the Early Childhood Education and Assistance Program (ECEAP) as required by Engrossed Second Substitute Senate Bill 5237 as passed in the 2021 Legislative Session, for a rate increase to cover the actual costs of service, funding for slots that more effectively serve the needs of families, and for quality supports that are no longer funded by private philanthropy.

## Program Recommendation Summary

### 030 - Early Learning

The Department of Children, Youth, and Families (DCYF) requests \$16,090,000 General Fund-State in the 2022 Supplemental Budget, in preparation for entitlement of the Early Childhood Education and Assistance Program (ECEAP) as required by Engrossed Second Substitute Senate Bill 5237 as passed in the 2021 Legislative Session, for a rate increase to cover the actual costs of service, funding for slots that more effectively serve the needs of families, and for quality supports that are no longer funded by private philanthropy.

## Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2022	2023	2021-23	2024	2025	2023-25
<b>Staffing</b>						
FTEs	0.0	0.0	0.0	0.0	0.0	0.0
<b>Operating Expenditures</b>						
Fund 001 - 1	\$409	\$15,681	\$16,090	\$27,224	\$39,388	\$66,612
<b>Total Expenditures</b>	<b>\$409</b>	<b>\$15,681</b>	<b>\$16,090</b>	<b>\$27,224</b>	<b>\$39,388</b>	<b>\$66,612</b>

## Decision Package Description

To prepare for ECEAP Entitlement as required by Engrossed Second Substitute Senate Bill 5237 passed in the 2021 Legislative Session, the following provides a detailed summary of key focus areas DCYF must have in place in the coming fiscal years to ensure successful implementation of programming in order to meet ECEAP entitlement requirements.

- **Transitioning to Region 4 Level Rates for Modeling vs Using an Average of All Regions**
  1. DCYF requests that all legislative modeling becomes based on Region 4 rates to cover the actual cost of services.
- **Part Day to School Day Conversion of Slot Types**
  1. DCYF requests additional funding to convert Part Day slots to School Day and Work Day slots.
- **Program Quality Support Funding**
  1. DCYF requests additional funding to cover activities previously and currently funded from private funding.

DCYF is addressing the immediate needs of moving legislative modeling and funding to rates that more fully cover the costs of services, additional funding to begin implementing the conversion of Part Day slots to School Day slots, and funding to cover essential quality components previously funded through private funding opportunities that have now ended. While there are three specific areas this Decision Package speaks to, this does not completely address barriers and obstacles related to reaching entitlement. However, they are a critical step in our ability to solve the larger challenges ahead of us as we work to fully meet entitlement requirements.

If the effort to begin addressing these needs doesn't occur now, the state will fall significantly short in its ability to meet ECEAP entitlement. This process is highly complex and takes time for contractors across unique communities to build facilities, find, build, train qualified staff, and work with their partners who they depend on to make ECEAP successful in their communities.

### **Transitioning to Region 4 Level Rates for Modeling versus Using Average of All Regions**

The ECEAP program is currently funded using an average rate methodology but the rate paid to each contractor is different depending on its regional location. For example, when more slots are needed in a region like King County, where the rates are higher than the average rates,

ECEAP cannot fund the slots required by the legislative budget. 25% of ECEAP slots are located in Region 4 and receive the highest reimbursement rates. As a result, this year’s legislative funding levels were not adequate to meet the contracted need. As a result, when a long-time contractor decided to no longer provide ECEAP services DCYF redistributed less slots out to communities in order to cover this \$186,000 budget shortfall.

A new funding methodology such as provider location including a forecast of slots by location would better determine the accuracy of ECEAP’s funding. Until a new funding methodology is established, the ECEAP program requests using the King County or Regional 4 rate; this would add an increase of 8.3% for School Day but still less than the 12% increase as proposed in the ECEAP cost study. DCYF proposes, estimating funding decisions off the following Region 4 rates and adjust them accordingly each year as rates increase:

<b>Region 4 Rate FY 22</b>	
PD	\$ 9,060.00
SD	\$ 12,954.26
WD	\$ 21,000.08

The current funded School Day slots would increase costs to:

FY 2023- \$3,451,146 from increase of \$540 on 6,388 slots

FY 2024- \$4,676,701 from increase of \$574 on 8,154 slots

FY 2025- \$6,103,709 from increase of \$615 on 11,685 slots

FY 2026- \$7,333,851 from increase of \$628 on 11,685 slots

FY 2027- \$8,611,845 from increase of \$640 on 13,452 slots

The current Working Day slots would increase costs to:

FY 2023- \$1,979,857 from increase of \$1,631 on 1,214 slots

FY 2024- \$2,589,150 from increase of \$1,698 on 1,525 slots

FY 2025- \$3,267,336 from increase of \$1,779 on 1,837 slots

FY 2026- \$3,898,004 from increase of \$1,815 on 2,148 slots

FY 2027- \$4,553,146 from increase of \$1,851 on 2,460 slots

**Separate funding for converting Part Day slots to School Day slots**

The DCYF and Legislative modeling assumes that at entitlement children will be served in School Day or Working Day slots at entitlement. Therefore, the DCYF requests converting the currently funded 10,387 Part Day slots to School Day and Working Day at 85% and 15%, respectively, and to complete it over a five-year period, from FY 2023 to FY 2027. The conversion would add the following costs, assuming the conversion occurs at 2,077 slots per year (or 10,387 over five years):

Net Costs:

FY 2023- \$9,327,370 on 2,077 slots

FY 2024- \$18,955,622 on 4,154 slots

FY 2025- \$28,934,905 on 6,231 slots

FY 2026- \$39,351,470 on 8,308 slots

FY 2027- \$50,182,787 on 10,387 slots

Conversion Costs for Part Day slots:

FY 2023- reduces \$19,606,428 at \$9,440\* on 2,077 slots

FY 2024- reduces \$39,828,771 at \$9,588\* on 4,154 slots

FY 2025- reduces \$60,769,685 at \$9,753\* on 6,231 slots

FY 2026- reduces \$82,605,730 at \$9,943\* on 8,308 slots

FY 2027- reduces \$105,291,277 at \$10,137\* on 10,387 slots

Conversion Costs for School Day slots:

FY 2023- increases \$22,717,895 at \$12,868\* on 1,865 slots

FY 2024- increases \$46,154,558 at \$13,072\* on 3,531 slots

FY 2025- increases \$70,429,784 at \$13,298\* on 5,296 slots

FY 2026- increases \$95,749,622 at \$13,559\* on 7,062 slots

FY 2027- increases \$122,060,663 at \$13,825\* on 8,829 slots

Conversion Costs for Working Day slots:

FY 2023- increases \$6,215,903 at \$19,952\* on 312 slots

FY 2024- increases \$12,629,836 at \$20,269\* on 623 slots

FY 2025- increases \$19,274,805 at \$20,622\* on 935 slots

FY 2026- increases \$26,207,578 at \$21,030\* on 1,246 slots

FY 2027- increases \$33,413,401 at \$21,446\* on 1,558 slots

\*each slot rate includes the program support rate of \$247.

### Program Quality Support Funding

DCYF is often faced with decisions that ultimately decreases staff development and needed supports to ECEAP contractors in order to be able to cover the cost of assessments, curriculum cost and training supports (previously covered by private grant funding) specific to ECEAP programming. The program administrative budget is 2% of the total amount appropriated for ECEAP or \$247 per slot for a program quality support rate. Previously known as the “ECEAP administrative rate,” this rate supports ECEAP staff salaries and program functions such as training, travel, subscriptions and non-client service contracts.

Since 2008, the ECEAP program added over 7,000 new slots while being level funded at \$247 per slot. This means that all staffing and program expenses have not received the inflationary adjustments necessary to keep up with the demands of the field. Based on a recent Gates funded systems level analysis conducted by RAND, that compared 6 state pre-k programs across the nation, the ECEAP administrative rate per child should be \$420.

Within the 2% administrative budget, there is roughly 10% that goes back to the field to support Teaching Strategies Child assessment licenses, TSG child portfolios, and Mobility Mentoring; all of which is necessary in measuring and improving ECEAP child and family outcomes. Over the last 5 years, ECEAP received private grant funding for each of the quality enhancements listed below that are deemed as essential to ensuring ECEAP’s strong child and family outcomes. DCYF requests funding to pay for the 10% of quality supports that the field is heavily reliant upon. These include:

- TSG Child Assessments (\$420,000) Research Based Curriculum (\$120,000)
- Online “Cloud” Professional Development for ECEAP contractors and subcontractor staff for assessment and curriculum trainings (\$110,000)
- Mobility Mentoring Family Assessment (\$50,000)
- Access to Ready Rosie (a family/child educational platform) that connected teachers and families before and during the pandemic (\$200,000)

Each year ECEAP spends approximately \$29.03 per child ( $15,077 \times 29.03 = \$437,757.95$ ) in General Funds State (GFS) child portfolios (assessment), and Mobility Mentoring. This does not cover the curriculum, online professional development, cloud access for contractors, or family support platform that grant funding covered in the past. These quality supports are outside of state funding and cost on average \$427,000 (\$110,000 online professional development, \$117,000 in curriculum for new classrooms, and \$200,000 for contractor and family access to an online family support platform).

As described above, DCYF does not have the capacity within the \$247 administrative rate to fund the quality enhancements. These private quality dollars have now ended and DCYF is requesting funding for these essential programming elements because these items and supports can no longer be sustained by funding held back at DCYF. ECEAP is asking that a separate rate be created, a **Program Quality Support rate**, in addition to the funding that covers staff salaries (\$247 per slot) to cover the cost of these supports for contractors. A \$54 per slot rate ( $\$864,000/15,077 = \$54$ ) is proposed to meet the total need. DCYF requests this increase to begin in FY 2022 as private funding ended in FY 2022 but at \$27 per slot. The DCYF also requests increases of 1.5% annually beginning in FY 2024 to keep up with inflation. By creating a per slot rate for these quality supports, it ensures funding will increase to meet the need in the field proportionality as we move towards entitlement in 2026-27 school year.

FY 2022- \$409,374 on 15,162 slots at \$27 per slot.

FY 2023- \$859,248 on 15,912 slots at \$54 per slot.

FY 2024- \$875,160 on 15,912 slots at \$55 per slot.

FY 2025- \$891,072 on 15,912 slots at \$56 per slot.

FY 2026- \$906,984 on 15,912 slots at \$57 per slot.

FY 2027- \$922,896 on 15,912 slots at \$58 per slot.

## Assumptions and Calculations

### **Expansion, Reduction, Elimination or Alteration of a current program or service:**

Costs to convert Part Day to School Day and Working Day slots with Region 4 Rates and increases for Provider Support and Quality Support Rates are:

FY 2022- \$409,374

FY 2023- \$15,681,268

FY 2024- \$27,223,929

FY 2025- \$39,387,966

FY 2026- \$51,744,901

FY 2027- \$64,588,915

Costs when adding Region 4 Rates and increases for Provider Support and Quality Support Rates to the Entitlement slots are:

FY 2022- \$0

FY 2023- \$6,611,613

FY 2024- \$21,806,503

FY 2025- \$37,617,296

FY 2026- \$54,049,067

FY 2027- \$79,974,361

Grand Total Costs for the Requests are:

FY 2022- \$409,374

FY 2023- \$22,292,882

FY 2024- \$49,030,432

FY 2025- \$77,005,262

FY 2026- \$105,793,968

FY 2027- \$144,563,276

### **Detailed Assumptions and Calculations:**

Additional details provided in backup files and calculations.

### **Workforce Assumptions:**

N/A.

### **How is your proposal impacting equity in the state?**

This decision package request impacts equity in the state of Washington in multiple ways.

- With this increased funding, it will support the expansion of ECEAP programming towards meeting entitlement. All funding supports communities across the state in serving families furthest from opportunity in high-quality preschool services. These services occur in communities with the most demonstrated need, including highest percentage of unserved children, rural, remote, and isolated communities, and communities serving children and families furthest from opportunity who need services prior to kindergarten to get ready.
  1. 81% of enrolled ECEAP families live at 110% of the FPL or lower
  2. 87% of ECEAP children would be eligible for free lunch while 94% would be eligible for free and reduced lunch
  3. 66% of children enrolled in 2019-20 were children of color
  4. ECEAP serves higher percentages of children of color in ECEAP than in the state population
- Funding level estimate increases impact equity because without this estimate increase, DCYF ECEAP will have to make some tough decisions about what quality supports will no longer be funded. This also decreases the need for contractors to find alternative funding sources (tribal, school district or private) to balance the books in order to make expansion work.
- Funding to convert Part Day to School Day is also needed for communities across the state. Overwhelmingly, these requests come from parent and family demand in the community for more dosage for their children's' preschool experience. If they cannot have additional dosage in their community in ECEAP, families often opt to find other care for their children. ECEAP eligible children should be able to be served in ECEAP in the model that parents need and want for their children, and what research studies have shown for many years, is the best dosage for preschool outcomes for most children and families.
- By funding program quality supports separate from the ECEAP staff salaries, this would allow for staffing positions to be of more interest to administrative staff of color currently working in the field and earning more than what they could earn working in the state ECEAP office.

## Strategic and Performance Outcomes

### **Strategic Framework:**

This package supports the Governor's Results Washington goal area and statewide priority: World Class Education. ECEAP is noted as one of the key factors that increases kindergarten readiness and that closes the opportunity gap across all demographic groups. By converting Part Day slots to School Day slots, children and families will have access to more high-quality comprehensive programming that supports positive outcomes for Kindergarten readiness.

ECEAP helps improve several areas of the agency's performance goals, including:

- **Education: Kindergarten Readiness** through high quality classrooms and education services
- **Resilience:** all of the following goal areas in Resilience are affected through high-quality ECEAP family engagement and partnership services, including ECEAP Mobility Mentoring® services and all other family engagement services provided by teachers, family support staff, and other ECEAP staff:
  1. **Children and Youth are Supported by Healthy Relationships With Adults**
  2. **Parents and Caregivers are Supported to Meet the Needs of Children and Youth**
  3. **Families are Economically Secure**
- **Health: Child and Youth Development** through ECEAP's high-quality health coordination services, which ensure children are up to date on critical health services such as well child exams, screenings, immunizations; and education services, which screen, refer, and track developmental growth of children throughout their time in ECEAP.

This would result in ECEAP contractors having the resources needed to plan for and be better prepared to meet the needs of entitlement on timeso that more eligible children in Washington will be served in state pre-k programming.

**Performance Outcomes:**

These service level changes will impact ECEAP contractors, staff, families, and children directly. By funding this decision package, all of the services purchased will get DCYF closer to achieving ECEAP entitlement and more children ready for kindergarten, as stated in our DCYF Educational Outcomes Goal around Kindergarten Readiness. It also supports the Agency’s Resilience goal area through ECEAP’s two generation approach with family engagement and partnership services.

**Other Collateral Connections**

**Puget Sound Recovery:**

Not Applicable

**State Workforce Impacts:**

Not Applicable

**Intergovernmental:**

Based on feedback/partnerships with tribal early learning staff who participate in the Tribal ECEAP Pathway workgroup and our existing partnerships with city and county government contractors, DCYF anticipates support of this proposal.

**Legal or Administrative Mandates:**

Not Applicable

**Stakeholder Response:**

Non-profit agencies, independently owned child care and family home providers will also support this proposal.

**Changes from Current Law:**

Not Applicable

**State Facilities Impacts:**

Not Applicable

**IT Addendum**

**Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?**

No

**Objects of Expenditure**

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2022	2023	2021-23	2024	2025	2023-25
Obj. N	\$409	\$15,681	<b>\$16,090</b>	\$27,224	\$39,388	<b>\$66,612</b>

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