

Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: March 12, 2018

SUBJECT: Fiscal Impact Statement – Birth-to-Three for All DC Act of 2018

REFERENCE: Bill 22-203, Committee Print as shared with the Office of Revenue
Analysis on March 1, 2018

Conclusion

Funds are not sufficient in the proposed fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The bill will cost \$7.86 million in fiscal year 2018 and \$114.81 million over the four-year financial plan. The bill also has substantial costs that fall outside of the four-year financial plan.¹

Background

The bill establishes several new programs and expands existing programs that address the health and development of children under three years old. In addition, the bill subsidizes early child care for all families in the District of Columbia. The specifics on each program addressed in the bill are outlined below.

HealthySteps Pediatric Primary Care Demonstration

The bill establishes a HealthySteps Pediatric Primary Care Demonstration program in primary care health clinics located in Wards 7 and 8. The program coordinates on-site specialist services with families during well-child primary care visits and provides lactation support services. Specialists offer screenings for common concerns and adapting to life with a baby or young child. Specialists provide families with guidance and support between visits and coordinate care to address the family's specific needs.

¹ The HealthySteps program costs require actuarial analysis and renegotiation of contracts and cannot be estimated at this time. ORA will issue an update to this FIS to reflect the costs when the data is available.

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The bill delegates the task of establishing the HealthySteps program to the Deputy Mayor for Health and Human Services (DMHHS). As the lead agency, DMHHS will be responsible for the program's application process and oversight of the program, including data collection and program evaluation. DMHHS is required to provide funding to participating clinics for:

- Implementation of HealthySteps;
- National Committee on Quality Assurance Patient-Centered Medical Home recognition;²
- International Board Certified Lactation Consultants;
- Community health navigator;
- Training, evaluation, and service delivery;
- Data collection; and
- Training to make organizations trauma-informed.

The bill requires DMHHS to work with an external evaluation partner to produce an annual report on the program's outcomes. The external evaluation partner is required to lead an advisory committee comprised of community stakeholders and service providers.

The bill requires the Department of Healthcare Finance (DHCF) to direct managed care organizations to reimburse clinics participating in the HealthySteps program.

Help Me Grow Expansion and Evaluation

The bill requires the Department of Health (DOH) to expand the Help Me Grow Program throughout the District by October 1, 2018. Help Me Grow is a resource and referral system to address the developmental and health needs of young children by providing a dedicated communication line for health professionals, families, and service providers. The expanded Program must include a centralized, culturally competent, toll-free phone line for families, health professionals, and service providers.³ The Program must also keep an up-to-date directory of public and private programs and services available to District families with children.

The bill requires DOH to maintain a data system that allows Help Me Grow to report on families and children under five in the aggregate, including their needs, service gaps, effectiveness of the referral process, home visiting referrals, and enrollment. DOH must develop a centralized screening and referral mechanism to link families with appropriate support programs. DOH must also identify gaps in knowledge among pre-natal and pediatric primary care providers regarding developmental screening, and DOH must provide Help Me Grow and developmental screening training to District-based providers.

The bill requires DOH, in collaboration with DHCF, to develop a plan by October 1, 2019 to provide a unique child identifier upon generation of a birth certificate, for tracking data on children's developmental screening results, referrals, and other data related to child health and well-being.

² The Patient-Centered Medical Home is a model of care that puts patients at the forefront of care. See: <http://www.ncqa.org/programs/recognition/practices/patient-centered-medical-home-pcmh>

³ At a minimum, the toll-free line should include services in all languages required to comply with the Language Access Act of 2004, effective June 19, 2004 (D.C. Law 15-167; DC Official Code § 2-1931 et seq.), including but not limited to oral language services for any person calling and translations of vital documents as required, including but not limited to Spanish, Vietnamese, Chinese, Amharic, and French.

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DOH is required to produce an annual report providing information on the health status of children under three and other metrics consistent with the goals of this program. DOH must also provide, beginning October 1, 2018, a semi-annual report on progress towards expanding Help Me Grow throughout the District, including barriers to implementation.

Home Visitation Evaluation

The bill requires DMHHS to conduct, by April 30, 2019, a comprehensive needs assessment for home visiting in the District. This needs assessment must include:

- A neighborhood-level analysis on the number and location of families who would most benefit from home visits;
- A determination of capacity among existing home visiting programs; and
- An assessment of the District's capacity to support the implementation of home visiting services.

The home visiting needs assessment must be updated every five years and may occur as a unique report or in a broader early childhood needs assessment. DMHHS must also produce an annual report on home visiting funding, outcomes, and progress towards providing visitation services to all families identified in the comprehensive needs assessment.

The bill requires DMHHS to complete, by December 31, 2019, a home visitor workforce study that articulates the size and stability of the home visiting workforce. This study must include analysis of qualitative and quantitative data including the number of home visitors currently providing services, the pool of potential home visitors, home visitor workloads, and home visitor retention rates.

The bill establishes a special purpose fund within DOH to be distributed to District home visiting programs and to be used to support activities. The bill requires an annual deposit of at least \$2 million starting October 1, 2019; plus an amount equal to the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers in the Washington, D.C. Standard Metropolitan Statistical Area. The bill specifies that 80 percent of the fund must be distributed to visitation programs in the form of grants, and 20 percent must be used for support activities, including a full-time employee who will oversee the fund's administration.

Lactation Professional Certification Preparatory Program

The bill requires DMHHS to establish a lactation certification preparatory program (LPCPP) in collaboration with an institute of higher learning and an existing provider of a lactation consultant preparatory course. DMHHS is required to provide a subsidy to students in the LPCPP. The LPCPP must offer the following:

- A culturally and linguistically competent coursework module providing instruction in required educational areas necessary to become a certified International Board Certified Lactation Consultant;
- Assistance with identifying sites to obtain the required clinical practice experience; and,

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- Mentorship from experienced International Board Certified Lactation Consultants⁴ to help prepare for the International Board of Lactation Consultant Examiners exam and a career in lactation support.

Community Resource Inventory

The bill requires DMHHS to lead a 3-year community inventory pilot program by collaborating with the agencies under its purview, the Office of the State Superintendent of Education (OSSE), and Fire and Emergency Management Services (FEMS). DMHHS must develop or procure a web based, community resource inventory that is accessible to health and social support organizations and has the capacity to communicate and track referrals. The inventory must contain all District-run, District-funded, and District-administered programs and must be operated in a standard and adaptable format.

The community resource inventory will be used across agencies to screen residents for behavioral health, developmental health, and social determinants of health needs, including housing needs, trauma, food access needs, and child care needs. Screening results associated with home visiting services must be shared with the database established through the Help Me Grow program. If applicable, the community resource inventory will refer residents to appropriate federal, District, and community resources.

DMHHS is required to submit, within 180 days after the bill becomes effective, a plan to the Mayor and the Council detailing how the community resource inventory will be deployed across agencies. DMHHS must identify all tools used to screen residents for social needs and determine the feasibility of utilizing a universal tool for all social needs screenings in District-run, District-funded, and District-administered programs, including standardizing a set of social needs questions.

Mental Health Consultation for Child Development Facilities

The bill requires the Department of Behavioral Health (DBH) to expand the Healthy Futures program, or another evidence-based program, to provide behavioral health consultation in all child care facilities accepting child care subsidy recipients. The Healthy Futures program offers child and family-centered consultation services to care providers and family members, focusing on building their skills and capacity to promote social-emotional development, prevent escalation of challenging behaviors, and make appropriate referrals for additional assessments and services.

DBH must coordinate family behavioral health services with community-based mental health providers. DBH must create a plan to implement a behavioral health consultation program within 180 days of the bill becoming effective.

⁴ Professional who provides lactation support services and who possesses current certification from the International Board of Lactation Consultant Examiners.

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Identification of District Child Development Centers

The bill requires the Department of General Services (DGS) to conduct an assessment of all property owned by the District of Columbia government,⁵ vacant property, or property available for rent or lease in Wards 7 and 8 to determine if it can be used for a child development center capable of serving at least 85 infants and toddlers.

The bill requires OSSE to recommend four locations from the DGS assessment that should be selected as child development centers and requires OSSE to develop recommendations for a facilities fund to develop child care development centers. Elected operators must already operate a child development center with the highest designation for quality in the District of Columbia and demonstrate capacity to administer expansion.

Reimbursement for Infant and Toddler Services at Child Development Homes and Centers

The bill requires OSSE to determine by October 1, 2018, and triennially thereafter, subsidy program⁶ reimbursement rates for infant and toddler child development centers⁷ and child development homes,⁸ so that a typical provider would have sufficient funding to operate based on a cost modeling analysis.⁹ OSSE must detail its findings through a report that includes a description of the methodology used to determine the cost of care, including cost analysis based on:

- Quality rating under the Quality Rating and Improvement System (QRIS);
- Type of facility and licensed capacity;
- Number and age of children and number of classrooms;
- Proportion of subsidy participation and subsidy reimbursement rate;
- Proportion of children served or eligible for Early Head Start;
- Proportion of children served who have special needs;
- Application of the compensation scale, including benefits, at different stages of the phasing in process;
- Adequacy of specialized professional services for children with special needs;
- Participation in a shared service alliance, including the Quality Improvement Network (QIN); and,
- Location in, or adjacent to, an area of concentrated poverty.

⁵ All agreements for the use of District of Columbia owned property should be reviewed by the Office of the Chief Financial Officer for compliance with federal statutes and regulations governing the expenditure and use of tax-exempt bonds proceeds.

⁶ The District of Columbia operates a federally-funded child care assistance program that helps eligible families pay for child care.

⁷ Child development centers are facilities located on premises other than a dwelling occupied by the operator of the facility.

⁸ Child development homes are child development facility located in a private dwelling occupied by the operator of the facility.

⁹ Cost of care is the daily per-child dollar amount necessary for a child development center or home to deliver services to achieve financial solvency and is differentiated at each level of the District's current Quality Rating and Improvement system by provider type and size.

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The report must include proposed daily reimbursement rates to specific types of providers/facilities as well as the total anticipated cost of subsidy reimbursements for the upcoming program year, based on the current and anticipated population of children enrolled.

By October 1, 2019, and annually thereafter, OSSE must reimburse providers at the cost of care as determined by the most recent cost modeling analysis. OSSE must publish rates for public comment by August 1 of each calendar year for the fiscal year immediately following.

By July 1, 2018, OSSE must develop a competitive lead teacher and teacher assistant compensation scale for child development homes and centers. The salary scale for these child development workers must be equal to the average salary of a D.C. charter elementary school teacher with the equivalent role, credentials, and experience and include similar options for health coverage, retirement, and vacation, holiday, and sick leave. The initial compensation scale must be accompanied by a timeline that determines how the compensation scale will be phased into the cost model so that reimbursement rates cover full compensation parity for lead and assistant teachers by fiscal year 2021. There are approximately 1,750 early childcare workers in the District.¹⁰

By October 2021, District of Columbia Municipal Regulations relating to child care must be updated to include this salary scale. Child development centers and homes receiving enhanced reimbursements must, at a minimum, compensate teaching assistants and lead teachers on the scale developed by OSSE. Further, OSSE is required to conduct an analysis every three years to be used to update the compensation scale.

Early Childhood Development Facility Coordinators

The Director of the Department of Consumer and Regulatory Affairs (DCRA) and OSSE must designate at least one employee to serve as an Early Childhood Development Facility Coordinator. DCRA and OSSE must post the designated Coordinator's name, direct telephone number, and e-mail address on the agency's respective websites. Coordinators will serve as their respective agency's primary contact for early childhood development providers, helping applicants and current licensees navigate the licensing process within their respective agency.

The OSSE Coordinator is responsible for operating as a liaison to government agencies responsible for approvals, certifications, and inspections necessary for licensure and license renewal. In addition, he or she must provide guidance on accessing grant and subsidy opportunities.

The DCRA Coordinator is responsible for assisting early childhood development providers to obtain certificate of occupancy and building permits, including securing facility inspections and providing regulatory and zoning guidance.

Expanding the Quality Improvement Network

OSSE and the QIN Interagency Steering Committee must lead an initiative to ensure the availability of infant and toddler child care that meets Early Head Start Standards for families living in Wards 7

¹⁰ May 2016 State Occupational Employment and Wage Estimates District of Columbia. Bureau of Labor Statistics, Last Modified March 31, 2017. See: https://www.bls.gov/oes/current/oes_dc.htm#25-0000

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and 8, as well as Dual Language Learners living in concentrated poverty, by 2022 and all Early Head Start eligible infants and toddlers by 2025.

OSSE, with consultation of the QIN, is required to:

- Identify, by 2018, all child development home and child development center providers serving 50 percent or more Early Head Start eligible children in Wards 7 and 8 and/or 25 percent or more Dual Language Learners.
- Analyze whether the child development homes and child development centers identified have the capacity to provide services at the highest QRIS level.¹¹
- Determine the additional resources necessary for the child development providers to meet these standards to accomplish this goal and report its conclusions to the Mayor, Council, DC Interagency Coordinating Council, and State Early Childhood Development Coordinating Council.

OSSE currently provides funding to three organizations - CentroNia, United Planning Organization, and Mary's Center - to serve as QIN hubs for 14 child development centers and 14 child development homes. These hubs employ professionals that provide support to directors, teachers, children, and families enrolled in these child development centers and homes.

Workforce Development

The bill requires DMHHS to provide funding to the University of the District of Columbia (UDC) to cover tuition, fees, and other expenses for partnering with at least three community-based child development centers on the Community College's Early Childhood Infant and Toddler degree program. The selected child development centers will offer onsite classes for early childhood professionals, with one site offering coursework in a language other than English. UDC and the selected child development centers will make financial support available to ensure degree completion.

Home Visiting for Vulnerable Children

The bill requires OSSE to issue two grant awards or contracts, beginning October 1, 2018, and annually thereafter, to a nonprofit organization, to provide Early Head Start Home Visiting to immigrant families and District of Columbia families with an infant or toddler residing in the DC General Family Shelter or its replacement units.

The grantees or contractors are required to:

- Be a licensed child development facility with an existing OSSE contract to provide subsidized child care services;¹²
- Demonstrate quality by maintaining a rating in the top two tiers of the District's current quality rating system;

¹¹ OSSE is in the process of transitioning from Going for the Gold to Capital Quality, the District of Columbia's enhanced QRIS. In Fall/Winter 2018, the QRIS for all licensed, subsidized child development facilities in D.C. will transition to the Capital Quality.

¹² Pursuant to Section 3 of the Day Care Policy Act of 1979, effective September 19, 1979 (D.C. Law 3-16; D.C. Official Code § 4-402).

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- Demonstrate an understanding of best practices service provision to homeless families;
- Possess the ability to implement programs promoting healthy prenatal outcomes for pregnant women, the development of infants and toddlers, and healthy family functioning; and
- Agree to provide OSSE with an annual audit on its financial health and its use of the OSSE award.

District Subsidized Child Care Expansion

The District of Columbia operates a federally-funded child care assistance program that helps eligible families pay for child care. The program currently operates with a \$112.6 million budget and provides subsidy payments to child care facilities for nearly 4,000 infants to three-year-olds and 4,500 three to five-year-olds.

OSSE currently reimburses providers based on a daily rate per child that is pre-determined based on the size and quality of a child care facility.¹³ The amount paid by OSSE to providers per child is reduced by a family co-payment amount that is based on a sliding scale.¹⁴ Families pay child care providers a co-payment and OSSE pays the remaining balance of the daily rate per child.

The bill gradually expands the number of families that are eligible to receive subsidized child care in the District, until all families are eligible beginning in fiscal year 2026. It does this by annually increasing the family maximum income limitation for subsidized child care. The bill also gradually eliminates the child care subsidy program co-payment. It does this by annually increasing the maximum income a family can earn before it is no longer required to pay a co-payment. Under the bill, all co-payments are eliminated beginning in fiscal year 2027. The table below outlines eligibility criteria by year as required by the bill.

Fiscal Year	Eligible Families	Co-Pay	Free
FY 2019	Up to 250% FPL	50% to 250% FPL	Under 50% FPL
FY 2023	Up to 325% FPL	125% to 325% FPL	Under 125% FPL
FY 2024	Up to 400% FPL	200% to 400% FPL	Under 200% FPL
FY 2025	Up to 590% FPL	275% to 590% FPL	Under 275% FPL
FY 2026	All Families	Above 390%	Under 390% FPL
FY 2027	All Families	No Co-Pay	All Families

FPL – Federal Poverty Level

Financial Plan Impact

Funds are not sufficient in the proposed fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The bill will cost \$7.86 million in fiscal year 2018 and \$114.81 million over the four-year financial plan. The bill also has substantial costs that fall outside of the four-year financial plan.

¹³ See Chapter 5-A Section 203 of the District of Columbia Municipal Regulations.

¹⁴ See Chapter 5-A Section 204 of the District of Columbia Municipal Regulations.

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HealthySteps Pediatric Primary Care Demonstration

DMHHS will need an additional \$900,700 in fiscal year 2018 and \$5.95 million over the four-year financial plan to implement the HealthySteps Program in Wards 7 and 8.

DMHHS needs additional employees to meet the requirements of the HealthySteps model, which includes referrals, care coordination, social service coordination, child development planning and parental support, coordination with child development centers, extensive data reporting, and data sharing with child development providers. In total, DMHHS will need to hire the following personnel:

- Eight HealthySteps Child Development Specialists (Grade 11, Step 5);
- Two HealthySteps Supervisors (Grade 12, Step 5);
- One Program Analyst (Grade 12, Step 5);
- One Data Analyst (Grade 12, Step 5);
- One Healthy Steps Program Manager (Grade 13, Step 5);
- Two Certified Lactation Specialists (Grade 11, Step 5);
- One Administrative Support Specialist (Grade 9, Step 5); and
- Two Community Navigators (Grade 9, Step 5).

In addition to personnel requirements, DMHHS will also need non-personnel resources to provide:

- Training;
- Reimbursement for fees paid to obtain or maintain National Committee on Quality Assurance Patient Centered Medical Home recognition;
- Funding for an external evaluator partner; and
- Funding for program materials, office supplies, and computers.

DHCF requires additional funds for increased reimbursement rates with managed care organizations for services that are not currently covered by Medicaid. The agency is unable to estimate the costs at this time since reimbursement rate adjustments require the agency to complete an actuarial analysis and renegotiate managed care organization contracts to include new services. Once the actuarial analysis has been completed, ORA will issue an update to this FIS to reflect the estimated new managed care contract costs with HealthySteps services covered.

HealthySteps Pediatric Primary Care Demonstration					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Personnel Costs	\$735,675	\$1,515,490	\$1,560,955	\$1,607,783	\$5,419,902
Non-Personnel Costs	\$165,000	\$120,400	\$123,290	\$126,249	\$534,938
Total Fiscal Impact	\$900,675	\$1,635,890	\$1,684,244	\$1,734,032	\$5,954,840

Table Notes:

- Does not include any amounts for Medicaid managed care contract increases.
- Assume 2.4 percent growth to account for increases in the Consumer Price Index
- Assumes 3 percent growth to account for salary step increases.
- Assumes expansion start date of April 1, 2018.

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Help Me Grow Expansion and Evaluation

Creating a unique child identifier upon generation of a birth certificate and using it to track screening results and health data will require upgrades to computer systems at DOH, Children and Family Services Agency, the Department of Human Services, DBH, OSSE, District of Columbia Public Schools, District of Columbia Public Charter Schools (DCPCS), DHCF, Department of Youth Rehabilitation Services, and the Department of Disability Services. Agencies will also need to update or create forms, procedures, policies, rules, and statutes that contribute to data collection. Agencies will need to conduct outreach and education to a multitude of stakeholders to ensure proper implementation. The unique child identifier system as part of the Help Me Grow Program will cost \$2.88 million in fiscal year 2018 and \$4.63 million over the four-year financial plan.

Help Me Grow Expansion and Evaluation					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Total Fiscal Impact	\$2,880,000	\$1,000,000	\$500,000	\$250,000	\$4,630,000

Home Visitation Evaluation

The bill establishes a special fund within DOH to be distributed to DC home visiting programs and to be used to support activities. The bill requires that a minimum \$2 million be deposited into the fund annually, starting on October 1, 2019, with an annual increase equal to the percentage increase in the Consumer Price Index. The total cost of the Home Visitation funding is \$4.05 million over the four-year financial plan.

Home Visitation Evaluation					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Total Fiscal Impact	\$0	\$0	\$2,000,000	\$2,048,000	\$4,048,000

Table Notes:

- a) Assume 2.4 percent growth to account for increases in the Consumer Price Index

Lactation Professional Certification Preparatory Program

The bill requires DMHHS to establish a LPCPP in collaboration with an institute of higher learning and an existing provider of a lactation consultant preparatory course. To establish a program, DMHHS will need \$150,000 to partner and develop a program with an institute of higher learning, \$100,000 in funds to provide subsidies to twenty students each year,¹⁵ and \$6,000 in funds to obtain and maintain licensing and accreditation for the program. In total, the cost of establishing the LPCPP and providing subsidies for students will be \$250,000 in fiscal year 2018 and \$570,600 over the four-year financial plan.

¹⁵ Tuition for a similar Lactation Consultant specialized certificate offered by the University of California San Diego is approximately \$5,000 per student. Can you add a link?

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Lactation Professional Certification Preparatory Program					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Program Development	\$150,000	\$0	\$0	\$0	\$150,000
Subsidy for 20 students (\$5,000/student)	\$100,000	\$102,400	\$104,858	\$107,374	\$414,632
Licensing and Accreditation	\$0	\$4,000	\$1,000	\$1,000	\$6,000
Total	\$250,000	\$106,400	\$105,858	\$108,374	\$570,632

Table Notes:

- a) Assume 2.4 percent growth to account for increases in the Consumer Price Index
- b) Assumes expansion start date of April 1, 2018.

Community Resource Inventory

The DMHHS must develop or procure a web based, Community Resource Inventory that is accessible to health and social support organizations and has the capacity to communicate and track referrals. To develop the platform, DMHHS will need funding to develop a universal screening tool, upgrade data systems across multiple agencies,¹⁶ and hire employees to manage the rollout. In total, the Community Resource Inventory will cost \$683,000 in fiscal year 2018 and \$4.10 million over the four-year financial plan.

An off-the-shelf platform¹⁷ is available that could be procured to function as a Community Resource Inventory in the District. If this system were used, it could potentially result in cost savings since DMHHS would not need to develop its own system. However, since DMHHS has yet to evaluate whether this platform is appropriate for the District, the agency assumes it will need to develop the platform in house.

Community Resource Inventory					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Development of Online Resource Center and License Fee	\$100,000	\$50,000	\$50,000	\$50,000	\$250,000
Design, implementation, and support costs for screening tool	\$500,000	\$1,500,000	\$1,000,000	\$250,000	\$3,250,000
Personnel Costs ^(a)	\$82,916	\$165,832	\$170,807	\$175,931	\$595,486
Total Cost	\$682,916	\$1,715,832	\$1,220,807	\$475,931	\$4,095,486

Table notes:

- a) Includes one Grade-12, Step 5 Program Analyst and one Grade 9, Step 5 Administrative Support Specialist. Assumes 3 percent growth to account for salary step increases.
- b) Assumes start date of April 1, 2018.

Mental Health Consultation for Child Development Facilities

There are roughly 300 child care facilities that accept subsidy payments in the District and all will need to participate in the Healthy Futures Program as required by the bill. On average it costs \$20,000

¹⁶ Including DOH, DBH, DHCF, Department of Disability Services, Child and Family Services Agency, and the Department of Youth Rehabilitation Services.

¹⁷ See: <https://about.auntbertha.com/>

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per child care facility to offer the services mandated in the bill. The cost of expanding the Healthy Futures program is \$3 million in fiscal year 2018 and \$23.02 million over the four-year financial plan.

Mental Health Consultation for Child Development Facilities					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Total Cost	\$3,000,000	\$6,328,320	\$6,668,943	\$7,022,272	\$23,019,535

Table Notes:

- Assumes \$20,000 cost per child development center that does not currently have a mental health consultation at an annual growth rate of 2.4 percent to account for increases in the Consumer Price Index.
- Assumes nine new child care facilities open each year that accept subsidy payments.
- Assumes expansion start date of April 1, 2018.

Identification of District Child Development Centers

DGS has already completed an assessment of District owned buildings and properties and OSSE continues to evaluate sites in Wards 7 and 8 for child development centers. There is no cost to implement this section of the bill. However, all agreements for the use of District of Columbia owned property should be reviewed by the Office of the Chief Financial Officer for compliance with federal statutes and regulations governing the expenditure and use of tax-exempt bonds proceeds.

Reimbursement for Infant and Toddler Services at Child Development Homes and Centers

By October 1, 2019, and annually thereafter, OSSE must reimburse providers at the cost of care as determined by the most recent cost modeling analysis. OSSE is already using the cost of care methodology to determine subsidy reimbursement rates for providers each fiscal year.¹⁸ OSSE receives approximately \$6.6 million each year from the federal government to cover the cost of administering the child care subsidy program in the District. Any increase in the subsidy rate paid to providers must be paid for from local funds. To the extent that future cost modeling analyses show increase in the cost of care, the District will need to either add local funding or serve fewer children.

The bill also requires OSSE to develop a competitive lead teacher and teacher assistant compensation scale for child development homes and child development centers. The compensation scale must be phased into the reimbursement rate by fiscal year 2021. There will be a substantial increase to the child care subsidy rate if a standardized compensation scale based on the average teacher salary for DCPCS elementary teachers is included within reimbursement rate calculations. According to Bureau of Labor Statistics data, the average salary for a childcare worker in the District in 2016 was \$29,450 whereas the average teacher salary for an elementary school teacher was \$74,710, a difference of \$45,260 per year.¹⁹ Assuming that 1,110 childcare workers²⁰ in the District would receive this pay increase along with a fringe benefit rate²¹ equal to DCPCS, OSSE would require an additional \$64.71 million for childcare subsidy reimbursements beginning in fiscal year 2021.

¹⁸ See: <https://osse.dc.gov/publication/child-care-report-cost-living-and-monthly-utilization>

¹⁹ May 2016 State Occupational Employment and Wage Estimates District of Columbia. Bureau of Labor Statistics, Last Modified March 31, 2017. See: https://www.bls.gov/oes/current/oes_dc.htm#25-0000

²⁰ There is a total of 1,750 child care workers in the District and 63.4 percent of the District's licensed capacity serves subsidy eligible children.

²¹ The fringe benefit rate for DCPCS in fiscal year 2018 is 28.8 percent.

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The agency also requires one additional employee to develop a salary scale and complete additional cost of care analysis each year.

Reimbursement for Infant and Toddler Services at Child Development Homes and Centers					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
OSSE Salary and Fringe	\$50,091	\$100,183	\$103,188	\$106,284	\$359,746
Teacher Salary Scale Implementation	\$0	\$0	\$0	\$64,707,317	\$64,707,317
Total Cost	\$50,091	\$100,183	\$103,188	\$64,813,601	\$65,067,063

Table Notes:

- a) Assumes one Grade 12, Step 5 FTE at a 23 percent fringe benefit rate.
- b) Assumes expansion start date of April 1, 2018.

Early Childhood Development Facility Coordinators.

The bill requires OSSE and DCRA to hire early childhood coordinators to serve as point persons for providers when seeking services at both agencies. OSSE already employs a staff member that serves as a facility coordinator. DCRA also employs a facility coordinator and the position is funded through a memorandum of understanding (MOU) with OSSE. In total, the MOU between the agencies facilitates the transfer of \$200,000 from OSSE to DCRA. This MOU is set to expire at the end of fiscal year 2018, so OSSE must budget \$200,000 in each fiscal year to continue to fund a DCRA facility coordinator.

Early Childhood Development Facility Coordinators					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Continuation of DCRA MOU	\$0	\$200,000	\$200,000	\$200,000	\$600,000

Expanding the Quality Improvement Network

The bill requires OSSE and the QIN Interagency Steering Committee to lead an initiative on the availability by 2022 of infant and toddler child care meeting Early Head Start Standards in Wards 7 and 8 and for Dual Language Learners living in concentrated poverty. By 2025, all Early Head Start eligible infants and toddlers citywide should have access to child care with these standards. While there is no cost to complete the analysis required in the bill, expanding the QIN will have a significant cost. This cost will fall outside of the current financial plan. In total, OSSE would need an additional \$62.31 million in fiscal year 2022 and \$528.21 million in fiscal year 2025 to implement the QIN expansions.

The organizations that operate QIN hubs will also need funding to expand along with the number of children served. The Office of Revenue Analysis (ORA) is unable to estimate the additional resource required by these organizations at this time.

Expanding the Quality Improvement Network					
(\$ in thousands)	FY 2022	FY 2023	FY 2024	FY 2025	Total
Ward 7 and 8 Expansion	\$62,313	\$63,808	\$65,340	\$0	\$191,461
Citywide Expansion	\$0	\$0	\$0	\$528,214	\$528,214
Total	\$62,313	\$63,808	\$65,340	\$528,214	\$719,675

Workforce Development

DMHHS needs additional funding to cover tuition, fees, and other expenses associated with selecting three community-based child development centers to partner with the Community College’s Early Childhood Infant and Toddler degree program. The partnership program will cost \$185,300 in fiscal year 2019 and \$570,700 over the four-year financial plan.

Workforce Development					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Academic Coach ^(a)	\$0	\$66,528	\$68,524	\$70,579	\$205,630
Student Tuition ^(b)	\$0	\$48,290	\$49,448	\$50,635	\$148,373
University Fees ^(c)	\$0	\$32,193	\$32,966	\$33,757	\$98,915
Textbooks ^(d)	\$0	\$38,325	\$39,245	\$40,187	\$117,756
Total Cost^(e)	\$0	\$185,335	\$190,182	\$195,158	\$570,674

Table Notes:

- a) Assumes salary of \$60,000 and fringe benefit rate of 7.65 percent. Assumes salary increase of 3 percent each year.
- b) Assumes cost of tuition for two 3-credit courses at \$315 per course and three cohorts of 25 students.
- c) Assumes university fees of \$430 per semester for 75 students.
- d) Assumes textbook cost of \$250 per class for two classes and 75 students.
- e) Assume 2.4 percent growth to account for increases in the Consumer Price Index.

Home Visiting for Vulnerable Children

The bill requires OSSE to issue two grant awards or contracts to nonprofit organizations beginning October 1, 2018, and annually thereafter, that provide Early Head Start Home Visiting to homeless families with an infant or toddler residing in the D.C. General Family Shelter or D.C. General Family Shelter replacement units. In total, there are approximately 115 homeless children that would qualify for Early Head Start Home Visiting program. The total cost of the program will be \$1.97 million in fiscal year 2019 and \$6.04 million over the four-year financial plan.

Home Visiting for Vulnerable Children					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Total Cost	\$0	\$1,965,000	\$2,012,160	\$2,060,452	\$6,037,612

Table Notes:

- a) Assumes cost of \$13,100 per homeless child and 2.4 percent growth to account for increases in the Consumer Price Index.

District Subsidized Child Care Expansion

The bill alters the eligibility and co-payment requirements for the District’s subsidized child care program. Beginning in fiscal year 2019, the bill limits the program to families that have an annual income below 250 percent of the Federal Poverty Level (FPL) or 85 percent of the District of Columbia’s State Median Income. The family’s assets cannot exceed \$1,000,000. The District’s subsidy program already uses these eligibility guidelines so there are no additional costs to implementing the first eligibility expansion in the bill.

Starting in fiscal year 2023, the bill continuously expands the pool of subsidy-eligible children each year by increasing family incomes used for eligibility requirements. By fiscal year 2027, the bill eliminates all income restrictions and opens the subsidy program to all children residing in the District. The incremental expansion of the subsidy program mandated by the bill will significantly increase the number of children participating in the subsidy program. Since the District offers public school seats to children starting at 3 years of age, ORA focused solely on infants to three-year-olds to calculate projected subsidy enrollment each year. ORA used the U.S. Census Public Use Microdata Sample (PUMS)²² to determine child eligibility based on family income, household size, and age. The following table is a projection of the number of subsidy-eligible infants to three-year-olds for each year the bill expands the program.

District Subsidized Child Care Expansion Eligible Infants to 3-year-olds by fiscal year					
Facility Type	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Child Development Center ^(a)	6,029	8,854	13,076	20,518	23,199
Child Development Home/Expanded Homes	206	302	446	700	792
Total	6,235	9,156	13,523	21,219	23,990

Table Notes:

- a) Assumes 96.7 percent of subsidy receiving children are enrolled in CDCs.
- b) Assumes 3.4 percent of subsidy receiving children are enrolled in CDHs.

ORA used the current ratio of family-copayment to OSSE payment to project an annual subsidy rate for each year during the subsidy program’s expansion. ORA estimates the program, once fully implemented, will reimburse providers \$695.38 million per year assuming that providers are reimbursed at market rate costs per child.²³ This cost estimate does not account for inflation of the costs of market-rate child care due to other provisions of the bill, such as the provision on lead teacher and teacher assistant salaries. Currently the District pays for most of the costs of the child care subsidy program using local funds, but since such funding is targeted to help families below 250 percent of the FPL, ORA has assumed such funding grows at the rate used to budget for the program

²² See: <https://www.census.gov/programs-surveys/acs/data/pums.html>

²³ Market rate costs were calculated for both child development centers and homes using an annual inflation rate of 2.4 percent applied to the most recent Child Care Aware DC Cost of Child Care report. See: <https://usa.childcareaware.org/wp-content/uploads/2017/11/DistrictofColumbia2017.pdf>

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FIS: "Birth-to-Three for All DC Act of 2018," Bill 22-203, Committee Print as shared with the Office of Revenue Analysis on March 1, 2018.

in the financial plan. The chart below shows the projected costs for the years for which the bill expands the program (outside of the current financial plan).²⁴

District Subsidized Child Care Expansion Subsidy Payment Costs					
(\$ in thousands)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Center Payments	\$153,017	\$227,254	\$339,245	\$533,845	\$678,995
Home Payments	\$3,619	\$5,325	\$7,918	\$12,288	\$16,387
Fiscal Impact	\$156,636	\$232,579	\$347,163	\$546,133	\$695,382

OSSE will also need additional employees to help handle compliance and oversight of the expanded subsidy program. In total, OSSE will need 32 additional employees over the course of the subsidy program expansion. The total personnel cost associated with implementing the subsidy expansion between fiscal year 2021 and 2027 is \$15.29 million.

District Subsidized Child Care Expansion OSSE Personnel Costs								
(\$ in thousands)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
New FTEs ^(a)	2	4	4	4	13	5	0	32
Salary	\$178	\$539	\$912	\$1,112	\$2,398	\$3,595	\$3,703	\$12,437
Fringe ^(b)	\$41	\$124	\$210	\$256	\$552	\$827	\$852	\$2,861
Personnel Costs ^(c)	\$219	\$663	\$1,121	\$1,367	\$2,950	\$4,422	\$4,555	\$15,297

Table Notes:

- a) Assumes Grade 12, Step 5 FTEs.
- b) Assumes fringe rate of 23 percent.
- c) Assumes 3 percent growth to account for salary step increases.

²⁴ The bill requires OSSE to implement a child care worker salary scale which will likely increase the reimbursement rate that OSSE will have to pay to providers. ORA did not include implementation of a salary scale when calculating the cost of expanding the child care subsidy program in the District.

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Bill 22-203 - Birth-to-Three for All DC Act of 2018 Total Fiscal Impact					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
HealthySteps	\$900,675	\$1,635,890	\$1,684,244	\$1,734,032	\$5,954,840
Help Me Grow Expansion and Evaluation	\$2,880,000	\$1,000,000	\$500,000	\$250,000	\$4,630,000
Home Visitation Evaluation	\$0	\$0	\$2,000,000	\$2,048,000	\$4,048,000
Lactation Professional Certification	\$250,000	\$106,400	\$105,858	\$108,374	\$570,632
Community Resource Inventory	\$682,916	\$1,715,832	\$1,220,807	\$475,931	\$4,095,486
Mental Health Consultation	\$3,000,000	\$6,328,320	\$6,668,943	\$7,022,272	\$23,019,535
Reimbursement for Infant and Toddler Service	\$50,091	\$100,183	\$103,188	\$64,813,601	\$65,067,063
Early Childhood Development Facility Coordinators	\$0	\$200,000	\$200,000	\$200,000	\$600,000
Expansion of the QIN ^(a)	\$0	\$0	\$0	\$0	\$0
Workforce Development	\$0	\$185,335	\$190,182	\$195,158	\$570,674
Home Visiting for Vulnerable Children	\$0	\$1,965,000	\$2,012,160	\$2,060,452	\$6,037,612
District Subsidized Child Care Expansion ^(b)	\$0	\$0	\$0	\$218,945	\$218,945
Total Fiscal Impact	\$7,763,682	\$13,236,960	\$14,685,382	\$79,126,765	\$114,812,787

Table Notes:

- a) Expanding the QIN will cost \$62.31 million in fiscal year 2022 and \$528.21 million annually starting in 2025.
- b) By the time the expansion is fully implemented, the annual cost of subsidy payments for infants to 3-year-olds will be \$695.38 million and annual personnel costs will be \$15.3 million.