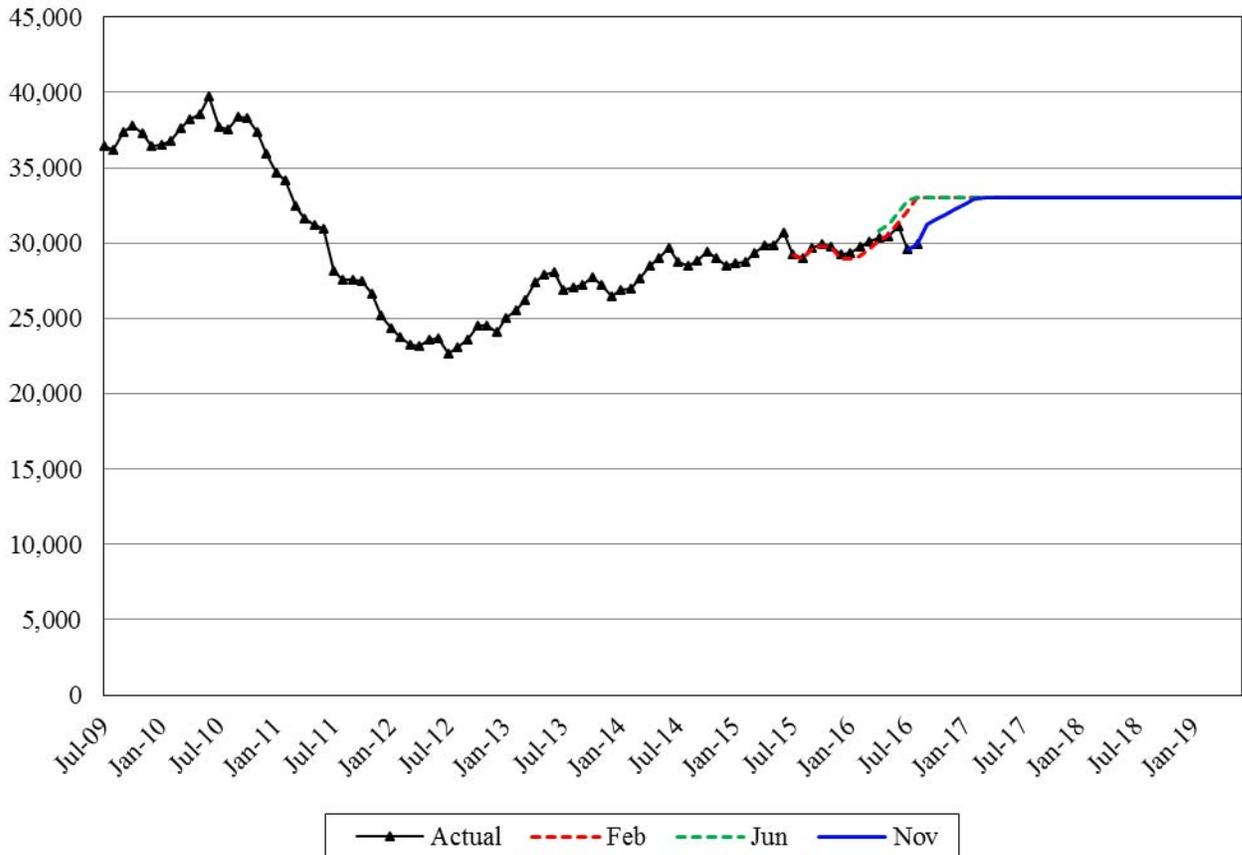


WCCC – Households Using Subsidized Child Care (Courtesy Forecast)



Forecast Comparisons (Fiscal Year Averages)

Fiscal Year	Feb-16 Forecast	Jun-16 Forecast	Nov-16 Forecast	Feb to Nov Difference	Percent Difference	Jun to Nov Difference	Percent Difference
2017	32,932	32,985	31,998	-933	-2.8%	-986	-3.0%
2018		33,000	33,000			0	0.0%
2019		33,000	33,000			0	0.0%

The forecast for Working Connections Child Care (WCCC) is made up of two forecasts: one for TANF recipients who use child care while participating in TANF; and one for non-TANF households with incomes up to 200 percent of the federal poverty level (FPL) who are working or participating in the Basic Food Employment and Training program.

Tracking the Current Forecast

	Jun-16			Percent
	Forecast	Actual	Variance	Variance
May-16	31,205	30,442	-763	-2.4%
Jun-16	31,990	31,114	-876	-2.7%
Jul-16	32,815	29,566	-3,249	-9.9%
Aug-16	33,000	29,905	-3,095	-9.4%

Paid caseloads averaged 9 to 10% below the June 2016 forecast in July and August 2016. The June 2016 forecast predicted that a large increase in caseloads would result from changes in program rules implemented in July 2016. The rules, called for in the Early Start Act, established 12 months of eligibility for child care services from the date of eligibility determination, regardless of most changes in circumstance during that time period.

The number of households retaining eligibility for services has increased rapidly, as expected and intended. The number of households using paid services, however, has shown little or no change from previous patterns.

Fiscal Year Caseload Change

	Fiscal		Change from	Percent
	Year	Caseload	Prior Year	Change
Actual	2010	37,413		
	2011	35,030	-2,383	-6.4%
	2012	25,364	-9,665	-27.6%
	2013	25,221	-143	-0.6%
	2014	27,605	2,383	9.4%
	2015	29,175	1,570	5.7%
	2016	29,820	646	2.2%
Forecast	2017	31,998	2,178	7.3%
	2018	33,000	1,002	3.1%
	2019	33,000	0	0.0%

WCCC caseloads dropped significantly in early 2011 due to changes in program rules including reduced use of child care for TANF recipients and reduced income limits for non-TANF households -- to 175 percent of FPL. Income standards were restored to 200 percent of FPL and authorization periods lengthened to 12 months in July 2012, helping to restore income based, non-TANF related, caseloads. (The 12-month eligibility periods established after July 2012 ended early if circumstances changed, distinguishing that change from current policy.)

The November forecast incorporates a step for 12-month eligibility that starts later and rises more slowly than in the original forecast. This interim step reflects the possibility that increases will occur but are delayed. The step will be modified or removed in the February 2017 forecast if the impact of 12-month eligibility can be measured by that time. Caseloads are limited to 33,000 in this forecast due to policy agreement reflected in budgets.

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Risks to the Forecast

Risks to this forecast are high. The impacts of Early Start Act changes to 12-month eligibility remain hard to predict, even more than three months after implementation has begun. Paid caseloads cannot be known with certainty until two to three months after the month in which services were provided. We have only two months of paid household data associated with this policy -- July and August 2016. It is unclear what will happen when the 2016-17 school year begins.

Plans call for limiting the WCCC caseload by establishing a waiting list for services once a paid caseload of 33,000 is reached. There is some uncertainty regarding how well a caseload can be managed to hit a caseload limit. The last time a waiting list was implemented -- between March and September 2011 -- the paid WCCC caseload dropped from 32,477 to 27,531 -- against the same target of 33,000. Some of the decline probably resulted from the way that waiting lists were implemented. DSHS and DEL are developing improved plans for managing caseloads in FY 2017, including automation of waiting list management. The impact of these improvements are, as yet, untested.

There is also uncertainty regarding when a caseload of 33,000 will be reached. The primary trend forecast based on experience through July 2016 predicted that caseloads will not reach the 33,000 caseload limit during the foreseeable future (through 2021). Forecasts of when a caseload of 33,000 will be reached are based on assumptions about the size and timing of the impact of 12-month eligibility policies, rather than experience with data. Despite clear increases in the number of households eligible for child care, there is no clear evidence from the first two months of 12-month eligibility that the number of child care users will increase under this policy. The November WCCC forecast reaches 33,000 in March 2017. This reflects a compromise between various versions of the step adjustment that reached 33,000 between October 2016 and May 2017.

Passage of Initiative 1433, increasing the minimum wage, should have an impact on the WCCC program but probably does not affect the size of the caseload in this forecast. The initiative increases the minimum wage beginning in January 2017. This would increase earnings for some consumers. Under 12-month eligibility rules, increased income will not change eligibility unless household income reaches 200% of the Federal Poverty Level. The chances that eligibility will end between January 2017, when these impacts might start, and March 2017, when caseloads are expected to exceed the 33,000 caseload limit, are relatively low. Increased earnings might slow caseload growth slightly, but the uncertainty caused by Initiative 1433 is small relative to the greater uncertainty surrounding the overall forecast.