

WASHINGTON STATE AGENCIES DECISION PACKAGES OVERVIEW



October 9, 2026

Over the past few weeks, state agencies have submitted budget recommendations (called “[Decision Packages](#)” [or DPs] in budget lingo), to the Office of Financial Management (OFM). This annual process is intended to inform Governors of needs and priorities of the various state agencies and are used by governors as they build their budgets.

In June, OFM Director K.D. Chapman-See provided [guidance](#) to state agencies for the DP writing process. In her memo, Director Chapman-See directed agencies to minimize any new funding requests and asked them to identify cost efficiencies as well as to present potential cost reductions. In reading through the agency DPs, I observed that not every agency strictly adhered to Director Chapman-See’s directive, with several agencies requesting significant new funding.

Many agencies submitted potential budget reduction suggestions. Notably, the Department of Children, Youth and Families (DCYF) did not make its budget reduction list public.

Below you will find a summary of key Decision Packages related to early learning. I’ve noted the items that the agencies deemed “Maintenance Level” and those deemed “Policy Level.” As noted above, Maintenance Level relates to costs associated with continuing existing programs. According to an OFM document, Maintenance Level represents the “cost of mandatory caseload, enrollment, inflation, and other legally unavoidable costs not contemplated in the current budget. Expenditure adjustments may be positive or negative, depending on expected experience in the ensuing biennium.”

Policy Level represents requests for new funding that require approval from the Legislature.

Working Connections Child Care Rates (Policy Level Add) 2027-29 biennium: \$7.211 million State General Fund

DCYF requests \$3.536 million in State Fiscal Year 2028 and \$3.675 million in State Fiscal Year 2029 to reimburse child care center providers at the 75th percentile of the 2026 Market Rate Survey (MRS).

The 2026 MRS found that rates for centers at the 75th percentile are greater than the 85th percentile of the 2024 MRS for 19 of the 28 rate groups. **This means that 9 of the 28 center rate groups would see a [rate reduction](#).**

Family Child Care Home providers are not included in this decision package because their reimbursement rate is covered by the Collective Bargaining Agreement. Of note, 2026 MRS rates for Family Child Care Homes are greater than the 85th percentile of the 2024 MRS for 27 of the 28 rate groups.

Licensing Accountability (Policy Level Add). 2027-29 biennium: \$4.804 million (\$4.712 million State General Fund) and 20.1 Full-Time Equivalents (FTE) employees

Largely in response to the State Auditor's August 2026 Accountability Audit, DCYF requests funding and staffing to create a licensing accountability and compliance unit within its Licensing Division.

The audit found DCYF "did not have adequate internal controls over and did not comply with state law and its policies regarding unlicensed child care investigations." As a result, DCYF plans to create this unit to focus on responsiveness with overpayment inspections, legal action support, illegal unlicensed care response and enforcement.

Further, DCYF cites the need for additional staff to respond to the increased workload associated with the 27% increase in child care providers since 2021. The DP notes that their licensing staff FTE has been flat, exceeding the national recommended average of 65 cases/licensor by 11 (on average, each licensor holds 76 cases).

Early Learning Facilities Fund (Policy Level Add). 2027-29 biennium: \$70 million Capital Budget (\$55 million for expansion funding; \$15 million for minor renovation and \$8.1 million for School Districts and Tribal Compact Schools)

The Department of Commerce requests \$70 million in the Capital Budget to support the Early Learning Facilities Fund.

The funding breaks down as follows:

Expansion Funding \$55 million: Expansion funding supports pre-development, remodel, purchase or construction of early learning facilities and classrooms. This funding is expected to support 4,000 new slots.

Minor Renovation \$15 million: This funding is designed to address health and renovation needs to preserve and protect existing slots.

School District and Tribal School Projects \$8.1 million: The Department of Commerce submitted the following list for the School District and Tribal School Early Learning Facilities Program:

- Chief Leschi Schools: Chief Leschi Schools ECEAP & Early Learning Childcare, \$1,000,000
- College Place Public Schools: Davis Elementary ECEAP Outdoor Learning Environment, \$75,544

- Fife Public Schools: Fife SD ELC Expansion, \$2,976,359
- Granite Falls School District: Granite Falls Early Learning Center, \$597,602
- North Thurston Public School: Lacey Education & Family Center, North Thurston Public Schools (Lacey, WA), \$2,220,000
- Toppenish Early Learning Center/Toppenish School District: Inclusive Early Learning Expansion and Cultural Learning Environment Enhancement Project, \$1,237,869.

Child Care Partnership Grant (Policy Level Add). 2027-29 biennium: \$900,000

The Department of Commerce requests \$900,000 to restart the Child Care Partnership Grant (CCPG). CCPG provides grants to communities to develop strategies to address local child care shortages.

Under the program's previous iteration, which was leveraged with \$4 million in philanthropic funding, state and private dollars supported the creation of 1,319 new child care slots in CCPG communities with plans underway to add 3,400 more.

CCPG did not receive state funding in 2026-27. This investment would restore funding to 2024-25 funding levels and would enable 5-10 state funded grants ranging from \$40,000 to \$70,000 a year with plans to seek private funding to seed additional grants and staff.

Home Visiting Services Account (Policy Level Add). 2027-29 biennium: \$0 funding

DCYF requests authority to transfer \$37.038 million in spending authority from the Home Visiting Services Account to the agency's General Fund-federal appropriation in the Early Learning and Program support budgets.

This transfer is intended to make the home visiting program less administratively burdensome and increase efficiencies. This request would have no impact on provider contracts.

DCYF has also submitted Agency Request Legislation to complement this DP.

Transition to Kindergarten (Policy Level Add). 2027-29 biennium: \$45.5 million

Superintendent of Public Instruction Chris Reykdal requests \$45.5 million (\$15 million in State Fiscal Year 2028 and \$30.5 million in State Fiscal Year 2029) to restore Transition to Kindergarten (TTK) funding to 2025 funding levels.

The Superintendent's proposal includes an inflationary factor, does not close the gap entirely in State Fiscal Year 2028, and proposes to phase the funding in to make the program "whole" over the biennium.

This proposal would allow 2000 new students to access TTK.

Self-Insurance Liability Account (Maintenance Level Funding). 2027-29 biennium: \$1.275 billion

Administered by the Department of Enterprise Services (DES), the Self-Insurance Liability Account (SILA) requests additional funding for the upcoming biennium to address increased costs for liability settlements, judgments from tort claims, excess liability policies and legal defense fees.

It is important to note that this only represents associated state costs and not any costs impacting local governments, school districts or child serving organizations.

A workgroup established through the 2026 Supplemental Budget is charged with studying the issue and providing recommendations to the Governor and Legislature later this year. I plan to address this issue further in a future newsletter.

Tort Optimization DCYF (Policy Level Add). 2027-29 biennium: \$2.728 million (\$2.35 million State General Fund) and 8 FTEs

Related to the DP above, DCYF requests funding to address the rising number of claims filed against the agency, with 60% of the claims reaching back decades.

This DP requests funding and staffing to support litigation; operations infrastructure and centralized claims; and a litigation management platform.

For more information, please contact:

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