

Section 5.2 of Proposition 5 The Healthy Children’s Fund¹ calls upon the Child & Family Well-Being Taskforce (Taskforce) with the support of the fund administrator to: “write and deliver an annual report to the public and the County Council. This shall include progress made towards agreed upon goals, outcomes, and metrics.”

The Need Remains

Since the Healthy Children’s Fund (HCF) was established in January of 2023, the need for more affordable, high-quality, culturally responsive early learning across Whatcom County has only increased.

In February of 2023, The Cascadia Daily News found that families with multiple children are commonly spending \$30,000 per year on childcare (not counting summer programs)², a figure that is nearly half the Area Median Income (AMI)³. In response to inflation, particularly the rising cost of employing a skilled workforce, many early learning and care providers made the difficult choice to raise their rates in January of this year. Attached to this report are the rate increase notice letters from three such providers announcing rate increases between 10 and 15%. Two of the three acknowledge the existence of Proposition 5, and express eagerness to apply for HCF funding opportunities.

So to summarize the situation today, 16 months into the life of the HCF childcare: rates are climbing even higher, established local early learning providers are ready to partner, and 5 HCF funding opportunity have been published, all in the smaller ‘support for vulnerable children’ bucket and none in the larger ‘childcare expansion’ bucket⁴.

The Taskforce has an obligation to highlight the current landscape and systemic challenges to implementation as we understand them so that progress can be made towards improving the administration of the HCF funding and contribute to better outcomes for all families with young children in Whatcom County.

HCF Implementation is Behind Schedule

Page 63 of the HCF Implementation Plan⁵ contains a useful timeline of work on the HCF’s development. It includes the clearest example of “agreed upon goals” about which the Taskforce is directed to report to the public and the Council.

¹ [Ordinance 2022-045](#)

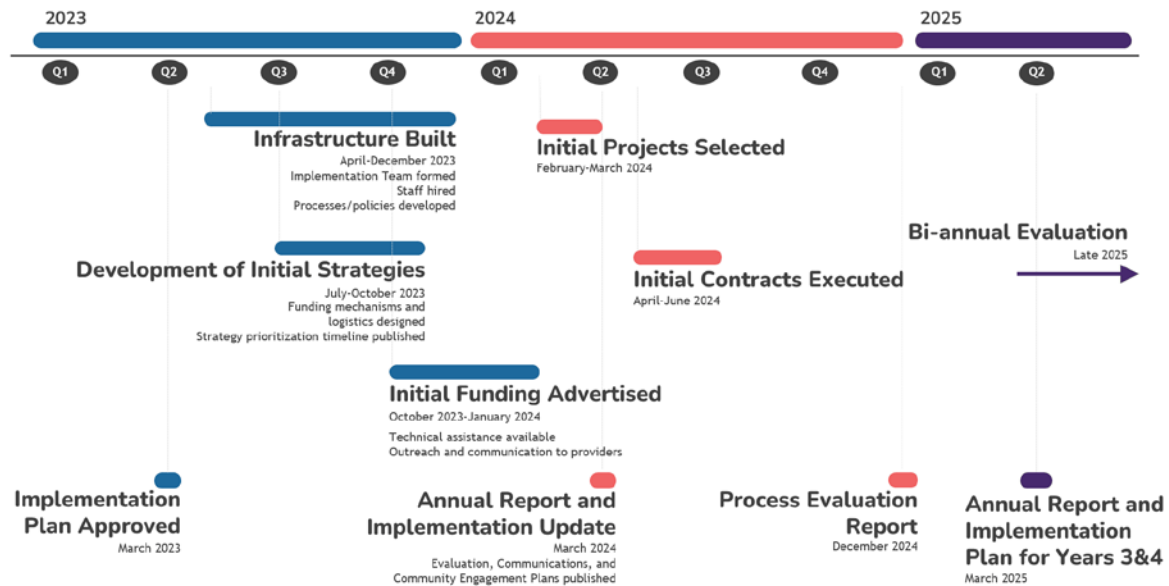
² [Child care challenges plague Whatcom parents, providers | Cascadia Daily News](#)

³ [U.S. Census Bureau QuickFacts: Whatcom County, Washington; Bellingham city, Washington](#)

⁴ There is also a small interlocal agreement with BTC to plan for a professional development network of early learning educators, activity, but in this Taskforce’s opinion this is more like administrative activity (i.e. strategy development) than a deployment of HCF dollars to expand childcare.

⁵ [Healthy Children's Fund Implementation Plan](#)

Healthy Children’s Fund: Expected Timeline*



* This timeline offers a sequence and expected dates for initial strategies: those that are most ready to implement. Subsequent strategies will roll out as the necessary internal infrastructure and external capacity of potential funding recipients is built. All dates are based on current understanding and may shift as new information emerges and circumstances change.

It should be noted that the timeline above points out that dates and expected outcomes were based on the information available at the time of drafting of the document, and additional challenges in the community related to public health concerns have since emerged. For convenience, we will organize our comments on this expected timeline into three categories: infrastructure/capacity, publishing funding opportunities, and plan-making.

Infrastructure/Capacity

The Implementation plan calls for most of 2023 to be spent constructing the system that will ensure efficient deployment of funds throughout the 10-year life of the fund. Work in this area has been both slower and smaller than anticipated.

Up to 9% of the HCF can be used for fund administration. This amounts to approximately \$800,000 annually, enough to dedicate the full attention of multiple skilled professionals to the administration of HCF funds. Yet the Whatcom County Health & Community Services Department (WCHCS) team, who is responsible for HCF implementation, has the same number of positions today as it did prior to the passage of Proposition 5. Chelsea Johnson and Sarah Simpson—whose praises the Taskforce has sung in previous reports—have both joined the team but their hiring corresponds with two important departures⁶. The cost of employing both Johnson and Simpson to date has been covered by American Rescue Plan Act (ARPA) funds,

⁶ Astrid Newell, and the late Judy Ziels

meaning that virtually all⁷ of the administrative money remains unspent and WCHCS lacks the necessary capacity and expertise to fulfill its fund administration duties.

WCHCS leadership tells us 3.4 FTE are presently dedicated to HCF implementation, all within the WCHCS Department. We understand that another Program Specialist role, one focused on the 'Support for Vulnerable Children and Families' bucket of strategies, is posted now and WCHCS hopes to fill it within the month. Yet ironically, that is the bucket of strategies advancing more quickly.

It should also be noted that not all of the delay can be attributed to WCHCS. We have growing curiosity about why HCF administration funds have not been used to expand capacity in other departments in addition to WCHCS.

Publishing Funding Opportunities

Of 19 total strategies identified in the Implementation Plan, 10 are identified for work in the first 2 years of the fund. The taskforce understands 6 of those 10 to have a higher degree of readiness than the others⁸, thus referred to as “initial strategies” in the timeline above. All were due to be published funding opportunities no later than January 2024 with projects selected no later than March 2024.

The Initial Strategies are:

- Strategy 3: Improve access to early learning & care through subsidies that reduce the cost of programs for children from families which are cost-burdened.
- Strategy 5: Create regional early learning & care hubs that include shared administrative services, co-located early learning and other services for children and families, and support for smaller providers in the County (i.e. the “hub and spoke model”).
- Strategy 6: Support innovative approaches to meet various Healthy Children’s Fund goals related to Early Learning & Care.
- Strategy 8: Develop and/or expand resources and programs for families who disproportionately experience housing instability.
- Strategy 9: Expand and enhance early parenting supports.
- Technical Assistance: Identifying technical assistance needs for each strategy (for instance grant writing support, proposal design, and transformational change workshops.)

To date, four funding opportunities have been published, but only two of them have been among these ‘initial strategies’— #8 prevention of family homelessness, and #9: early parenting

⁷ Excepting the contract with Village Reach to develop the Evaluation Plan.

⁸ [Memo re: Update on the Healthy Children's Fund Implementation](#)

supports⁹. The Taskforce is unaware of the status of any other RFPs in queue for the 3 remaining initial strategies.

Plan-Making

The implementation plan calls for the development of 3 supplemental plans for Communications, Community-Engagement, and Evaluation. After two unsuccessful attempts to hire an Evaluation Specialist internally, WCHCS changed tactics, retaining the services of a consultant to facilitate the development of its evaluation plan. In support, we proactively developed a memo (attached) summarizing our recommendations for the evaluation of the HCF.

The Taskforce understands that the other two supplemental plans—Communications & Community-Engagement—are delayed but now underway. We anticipate an update for WCHCS’s plan to carry out these important aspects of HCF administration within the coming month. And we hope to see HCF-specific communications or community-engagement roles posted soon to support those essential functions.

Challenges

Having fulfilled our responsibility to report on “progress made towards agreed upon goals, outcomes, and metrics,” our interest turns to the question of why. Given that “since 2012, the health and well-being of young children has been a declared priority of Whatcom County¹⁰” and that “effectively deploy[ing] the Healthy Children’s Fund to make childcare more accessible across all of Whatcom County” is the second listed priority of the Executive’s Office¹¹, why has the fund administration capacity build out been so sluggish? Why have funding opportunities, for which there is such desperate need, been so long delayed? Quite simply, the hard things remain hard.

Whatcom County and the WCHCS is not alone. Across our country it is challenging for our government to pursue discrete goals with vigor and efficiency^{12 13 14 15}. While some might cite the broader trend and the specific circumstances here in Whatcom County as evidence for why the government should not administer such funds, the Taskforce believes it is worth highlighting the times and ways that our institutions fall short in their pursuit of “mutually agreed-upon goals, outcomes, and metrics” and providing recommendations for improvements in order to increase the performance of the funds and to hold ourselves, and our system, accountable.

⁹ The other 4 funding opportunities published to date have been expansions of behavioral health efforts already underway prior to the implementation of HCF.

¹⁰ [Healthy Children’s Fund | Whatcom County, WA - Official Website](#)

¹¹ [About the Executive’s Office | Whatcom County, WA - Official Website](#)

¹² [A \\$1.7 Million Toilet and Liberalism’s Failure to Build](#)

¹³ [The I.R.A. Passed a Year Ago. Here’s a Progress Check](#)

¹⁴ [Implementation Progress on the Infrastructure Investment and Jobs Act \(IIJA\)](#)

¹⁵ [Is Bellingham’s waterfront future ripe for a reset after past missteps? | Cascadia Daily News](#)

The Taskforce recognizes the magnitude of the challenges before the administration, and we hope that the council will join us in calling for the following roadblocks to effective deployment of the HCF to be addressed in the spirit of continuous quality improvement and government efficiency owed to our county's constituents and families.

WCHCS Capacity

The roadblock most clearly visible to the Taskforce is insufficient infrastructure/capacity within WCHCS. While the unemployment rate in Bellingham remains low¹⁶ and hiring is a challenge for municipalities, far fewer HCF administration roles have been listed than the Taskforce would expect given the size and complexity of the project. Aside from the Evaluation Specialist role which was open and then closed after two failed hiring attempts and the forthcoming Program Specialist focused on the 'support for vulnerable children and families' funding bucket, we are not aware of any other open positions that are directly responsible for HCF administration. It is unknown to us why the approximately \$800,000 available annually for fund administration remains largely unspent. Specifically, it is the opinion of the taskforce that the WCHCS would benefit from adding expertise in contracting & RFP development, community engagement, and communications.

Collaboration with Other Departments

A number of other County departments need to be involved for an HCF strategy to become a publishable RFP including legal and finance. Several times over the last year the Taskforce has been involved in the development of an idea into what we understood to be an *all-but-published* RFP. Several of the "initial strategies" were ready, so far as the Taskforce understood, as early as October 2023. So far as we know, they are still undergoing administrative review somewhere within the county administration. It is unclear to us what exactly is being reviewed, why this process takes 6 months and counting, and whether or not the unused administrative dollars might help those strategies progress through the county administration more swiftly, but it is our hope that this (or these) roadblock(s) can be identified and addressed.

Communication with the Taskforce

In generating this inaugural report, it became apparent that the Taskforce needs regular documentation regarding the progress of the HCF implementation, rather than causal verbal updates. Moving forward, the Taskforce requests a written report, at least quarterly, which shall include:

- Fund Balance(s)
- State of developing RFPs
 - Which department is currently reviewing each RFP (WCHCS, Legal, Finance, Executive's Office, etc.)

¹⁶ [Bellingham, WA Economy at a Glance](#)

- Any available reports from fund recipients
- Staffing updates
 - Jobs/Contractors listed
 - Jobs/Contractors filled
 - Work stoppages / disruptions (leave, etc.)
- Identified challenges
 - Changes in expected work timelines
 - Identifying barriers for fund access, distribution, contracting

These reports should include contributions from more County departments than just WCHCS. We hope to hear directly from everyone playing a role in implementing HCF including but probably not limited to Finance, Legal, and the Executive Office in order to have the most accurate available information to fulfill the role given to us in ordinance to report on progress towards 'mutually agreed upon goals, milestones, and outcomes' and to bring to the attention of the public, the Council, and the Executive any systemic patterns that would benefit from closer examination.

Gift of Public Funds

In a memo to the WCHCS from Royce Buckingham dated January 2023 (attached), it is made clear that the Civil Division's interpretation of the 'Gift of Public Funds Doctrine' was going to be a complication for achieving some of the goals named in Proposition 5, namely: "Young children of all backgrounds will have increased access to affordable, high-quality, professional, and accessible early learning and child care experiences that meet the unique needs of families across Whatcom County.¹⁷"

But as the Buckingham memo makes clear, the Civil Division intended to work with WCHCS to develop policies and procedures to ensure HCF expenditures were accomplished lawfully. And yet, it is our understanding that this complication is a significant reason why several of the initial strategies—namely investments in the early learning workforce—have been delayed. And our attempts to better understand this issue have been unsuccessful. We hope that the Council will join us in this inquiry.

We ask you to join us in asking for an explanation from the administration and WCHCS on the following questions.

- What additional infrastructure/capacity—particularly staffing—is planned to support the effective deployment of the HCF?
- Is all of the planned staffing additions coming within WCHCS, or to enable the prompt development of future funding opportunities, should other county departments also have expanded capacity?
- What processes/procedures, as described in the timeline on page 63 of the Implementation Plan, are needed to ensure the effective deployment of the HCF?

¹⁷ [Ordinance 2022-045](#)

- When will the rest of the initial strategies—particularly the workforce investments—be published and available to the community?
- When should the Taskforce, Council, and community expect the “Strategy Prioritization Timeline”?
- How long should it reasonably take for a strategy to become a published RFP?
- How is the Civil Division’s interpretation of the Gift of Public Funds Doctrine shaping and/or slowing strategy development, RFP construction, and contract language?

Recommendations

Specifically to the Council, the Taskforce makes the following recommendations.

- 1.) Call on WCHCS to present to the Council and the Taskforce jointly regarding WCHCS infrastructure/capacity needed to effectively deploy HCF.
- 2.) Call on the Civil Legal Department to present to the Council and the Taskforce jointly regarding the Gift of Public Funds Doctrine and its relevance to the HCF, and to consider requesting an Attorney General’s opinion regarding whether expansion of childcare is a ‘fundamental purpose of government’ and thus a clearly allowable expenditure or that the expansion of childcare results in the public receiving a benefit such that there is no donative intent.
 - a.) Alternatively—if the Council would prefer to keep its legal advice privileged—experts from the Municipal Research and Services Center could be invited to make such a presentation.
- 3.) Call on the Executive's Office to develop a ‘Schoolhouse Rock style’ explanation of how an HCF strategy becomes an RFP/contract complete with designated staff owners and timelines for each step in the process and deliver it to the Taskforce and Council jointly no later than June 10, 2024. This presentation would be a helpful resource to many other advisory bodies for the county, and as a community engagement/education tool.
- 4.) As a last resort, if the WCHCS and the rest of the county administration proves unable to effectively deploy the HCF with reasonable efficiency, consider exercising Section 4.1 of Proposition 5¹⁸ which allows you “to create a new department or entity that is a more appropriate fund administrator, the County Executive, with the concurrence of the County Council, may transfer the role of fund administrator to that new department or entity.”

¹⁸ [Ordinance 2022-045](#)

Attachments

- Rate Increase Notice Letters
 - Boys & Girls Club
 - Seedlings
 - Generations
- Taskforce Memo re: External Evaluation
- Royce Buckingham Memo re: Gift of Public Fund Analysis

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