
**Early Learning & Human Services
Committee**

HB 1364

Brief Description: Providing for child care center subsidy increases.

Sponsors: Representatives Pettigrew, Walsh, Eddy, Springer, Appleton, Goodman, Roberts, Kagi, Kenney and Santos.

Brief Summary of Bill

- Establishes a structure to increase child care subsidies and the availability of quality child care when the Office of Financial Management certifies that it is economically feasible to do so.

Hearing Date: 2/1/11

Staff: Megan Palchak (786-7120).

Background:

Overview.

The state subsidizes child care for low-income families through a program called Working Connections Child Care (WCCC). Subsidy payments go directly to child care providers. Families make a co-payment to receive child care while they work or receive training for work. Subsidy rates vary by geographic location and age of the child and other factors. According to a Joint Legislative Audit & Review Committee (JLARC) report released in July 2010, approximately 36,000 families access subsidized child care.

Role of the Department of Early Learning.

The Department of Early Learning (DEL) is the lead agency that receives federal funds specifically allocated for child care. The DEL sets child care subsidy policy in Washington. The

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DEL works with other agencies to establish subsidy rates paid to child care providers and the monthly co-payments that families are required to pay.

Affordability and Accessibility of Subsidized Child Care.

Recent JLARC Findings.

The JLARC released its review of the DEL in July 2010. The report included an examination of the extent to which subsidized child care is affordable and available to low-income families in Washington. The JLARC found:

- The availability of subsidized child care is unclear.
- Seventeen percent of eligible families accessed subsidized child care, and no wait lists existed for families who wanted child care but were not authorized to receive it.
- Based on a weighted average (to account for variable subsidy rates) state subsidy rates were at the 37th percentile of the state's overall market rate. The federal Department of Health and Human Services recommends that child care subsidy payments should be set at or above the 75th percentile of the state's market rate.
- The state's market rate survey showed that subsidized child care is available in aggregate, but vacancies and provider's willingness to take subsidized children varies. As a result, subsidized child care can take longer to find in some areas. (Approximately 1 percent of families receiving Temporary Assistance for Needy Families (TANF) each month are granted more time before they are required to be working or training for work.)

Changes to WCCC eligibility requirements.

The WCCC eligibility has been restricted recently. As of February 1, 2011, the DEL estimates that approximately 6,500 families will be affected by the eligibility restrictions.

Child Care Quality Standards.

Washington State's Quality Rating and Improvement System is called Seeds to Success. Seeds to Success is being field tested from July 1, 2010, through June 30, 2011.

Summary of Bill:

The DEL is required to:

- review the child care subsidy rates currently paid to child care centers whose average daily population includes more than 50 percent of children for whom the center receives a state subsidized rate;
- recommend whether child care subsidy rates should increase, by how much, and for what reasons, no later than December 1, 2011; and
- consider the results of the state's voluntary quality improvement rating system pilot and the potential impacts that a variable subsidy structure rate would have on the quality of child care in the state when developing its recommendation.

Child care center subsidy rates will:

- increase by 5 percent on July 1, 2014; and

- adjust for inflation beginning with the 2015-2017 biennium and every two years thereafter.

Appropriation: None.

Fiscal Note: Requested on January 19, 2011.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.