

# SENATE BILL REPORT

## SB 5269

---

---

As of February 9, 2011

**Title:** An act relating to child care center subsidies.

**Brief Description:** Providing for child care center subsidy increases.

**Sponsors:** Senators Hobbs, Delvin, Hatfield, Haugen, Kastama and Kline.

**Brief History:**

**Committee Activity:** Human Services & Corrections: 2/01/11.

---

### SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

**Staff:** Jennifer Strus (786-7316)

**Background:** The Department of Social and Health Services (DSHS) with the assistance of Washington State University conducts a biennial telephone survey of childcare providers to determine the rates charged for care, the costs associated with operating a childcare business, and the availability of childcare across the six DSHS regions of the state. The objective of the study is to determine the rates charged by licensed childcare providers. DSHS uses the data gathered to set the amount of money reimbursed to providers caring for children from low income families for the next two years. This market analysis is required by federal law.

For purposes of accurately collecting and analyzing data, the study is separated into two distinct forms of childcare: licensed in-home family childcare providers and licensed child care providers.

The subsidy rates for in-home licensed providers are collectively bargained. Although the subsidy rates for childcare centers are not collectively bargained, since 2007, those providers have had parity with the in-home providers.

**Summary of Bill:** On July 1, 2014, the subsidy rates paid to all child care centers are to be increased by 5 percent if the director of the Office of Financial Management (OFM) certifies that the increase is economically feasible for the state.

Beginning with the 2015-17 biennium and every two years thereafter, the child care subsidy rates paid to child care centers must be adjusted for inflation if the OFM director certifies that the increase is economically feasible for the state. The adjustment must be calculated using

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

either the consumer price index or the implicit price deflator, whichever measure produces the greatest increase to the subsidy rate.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: One-third of the children served at Boys and Girls Clubs qualify for subsidies. Subsidies do not cover the cost of child care. They use their own resources to offset the costs of serving poor children. A number of child care centers do not have this luxury. There is a gap in what child care costs and what Working Connections Child Care (WCCC) pays for. That gap is most dramatic in King County. This gap results in many centers not accepting subsidized children. A primary concern is preserving WCCC as a support for low income families. The state's subsidy rate is 37 percent of what it costs to provide child care. Increases to the state subsidy rate do not occur on a regular basis and there has not been one in 15 years. It is difficult for a number of centers to accept subsidized children because the rate is so low they cannot make a go of it unless they accept private pay children.

OTHER: WCCC is 37 percent of the market rate statewide. The fiscal note is being released and shows that to provide for this increase the General Fund State appropriation to WCCC would have to increase or WCCC would have to take fewer children. The preliminary fiscal note shows that the 5 percent increase would cost \$8.4 million and the ongoing inflationary increase would cost \$3.4 million.

**Persons Testifying:** PRO: Senator Hobbs, prime sponsor; Josephine Pomayo Murray, Catholic Community Services; Matt Waltrous, Alliance of Boys and Girls Clubs; Karen Tvedt, Washington Association for Education of Young Children; Leslie Dozono, Early Learning Action Alliance; Judy Jennings, Washington Federation of Independent Schools; Diane Comfort, YMCA of Pierce and Kitsap Counties; Ron White, South Sound YMCA; Angela Griffin, YMCA of Greater Seattle; Cathy Bisailon, Easter Seals; Carrie Magel, Kinder Care.

OTHER: Bob McLellan, Dept. of Early Learning.