

# HOUSE BILL REPORT

## HB 1671

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**As Reported by House Committee On:**  
Early Learning & Human Services  
Appropriations

**Title:** An act relating to child care reform.

**Brief Description:** Concerning child care reform.

**Sponsors:** Representatives Farrell, Walsh, Kagi, Green, Sullivan, Jinkins, Pettigrew, Hunt, Ormsby, Stonier, Fitzgibbon, Goodman, Cody, Morrell, Maxwell, Appleton, Wylie, Orwall, Reykdal, Freeman, Riccelli, Fey, Tarleton, Ryu, Pollet, Bergquist and Santos.

**Brief History:**

**Committee Activity:**

Early Learning & Human Services: 2/15/13, 2/21/13 [DPS];  
Appropriations: 2/28/13 [DP2S(w/o sub ELHS)].

**Brief Summary of Second Substitute Bill**

- Defines the Early Achievers program and the Child Care Consumer and Provider Bill of Rights.
- Requires the Department of Early Learning to create a parent and provider oversight board and to revise certain rules relating to the Working Connections Child Care program.

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### HOUSE COMMITTEE ON EARLY LEARNING & HUMAN SERVICES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Kagi, Chair; Freeman, Vice Chair; Farrell, Goodman, Roberts and Sawyer.

**Minority Report:** Do not pass. Signed by 5 members: Representatives Walsh, Ranking Minority Member; Scott, Assistant Ranking Minority Member; MacEwen, Overstreet and Zeiger.

**Staff:** Lindsay Lanham (786-7120).

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*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.*

**Background:**

The Working Connections Child Care (WCCC) program provides subsidies to child care providers serving families at or below 200 percent of the federal poverty line. The WCCC is often associated with Washington's WorkFirst program and is intended to support parents who are working, attending training, or enrolling in educational programs outside the home. Not all families receiving the WCCC benefits, however, participate in approved Workfirst activities. For example, a parent under 22 years of age may be eligible for the WCCC benefits for high school development. Children of families receiving the WCCC benefits are required to be less than 13 years of age, or less than 19 years of age and have a verified special need or be under court supervision.

The Department of Early Learning (DEL) has the authority to establish and implement policies in the WCCC. The Department of Social and Health Services (DSHS) has the responsibility for verifying a families' eligibility to receive the WCCC subsidies.

In 2007 Engrossed Second Substitute Senate Bill 5828 established Early Achievers, which is Washington's quality rating and improvement system. The program was developed by the DEL and the University of Washington. Early Achievers establishes a common set of expectations and standards that define, measure, and improve the quality of early learning settings. All WCCC providers have the option of participating in Early Achievers.

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**Summary of Substitute Bill:**

A legislative task force is established to examine the tiered reimbursement model, child care enrollment procedures, eligibility rules, and opportunities for child care expansion. Early Achievers is also defined and the goals of the Early Achievers program are included in the bill. The responsibilities of the DEL and the DSHS relating to parents receiving or applying for the WCCC are also outlined in the bill. Additionally, the DEL must adopt rules to expand the WCCC eligibility to include various education activities such as participation in vocational training programs or two-year associate degree programs. By December 1, 2013, the DEL must eliminate the current custody/visitation policy and the activity schedule, design a subsidy system that is flexible and accounts for small changes in parents' work schedule, reduce the number of minor changes required for reporting, clarify the child support as income requirement, and establish rules to specify that parents who receive the WCCC benefits and who participate in 110 hours or more of approved work related hours are eligible for full-time child care service. Finally, the DEL must establish a parent and provider oversight board.

**Substitute Bill Compared to Original Bill:**

The provisions requiring the DEL to return the WCCC copayments to the rate effective on July 1, 2010, and to increase child care subsidy rated by 10 percent are removed from the bill. The provision requiring the DEL to provide a 5 percent increase in subsidy rate to child providers who reach level two of the Early Achievers program is removed. The goals of the Early Achievers program are outlined and provisions describing the levels of the Early

Achievers program are removed. The specific responsibilities of the DEL and the DSHS relating to parents receiving or applying for the WCCC are also outlined in the bill. The legislative task force includes two new members. Finally, the bill specifies that the standards and guidelines outlined in the bill do not create right.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 21, 2013.

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

**Staff Summary of Public Testimony:**

(In support) In order for people (especially women) to participate in the work force, parents need access to high-quality child care. This bill not only expands access to high-quality child care, but also makes eligibility more user friendly for parents and establishes a task force to look at the broader issues around the provisions of child care. Building an early learning system is critical for the state's educational system and the state's long term success. Early learning is part of the solution for closing the opportunity gap.

The cuts to the WCCC have impacted providers. Providers must fill slots that were once reserved for low-income families with families that can afford to pay the full rate. Centers that accept only subsidized families have gone out of business. In 2010 there were 10,000 family child care providers serving families receiving the WCCC benefits, and now only 6,000 family child care providers serve families receiving the WCCC benefits. The current reimbursement rates decrease access to quality care for children who need quality care the most. Subsidy rates are currently so low that families only have access to 37 of the least expensive providers in their region. The majority of providers do not have the resources to conduct business with the subsidy at its current rate. When providers do accept subsidies, providers lose money. Moreover, there is a 36 percent gap between the market rate and the state reimbursement rate making it financially difficult to serve low-income children.

Additionally, some providers are finding that as the copayments increase, some families no longer can afford to offer their children early learning services. Some programs associated with a national affiliate have tried to off-set the low subsidy reimbursement rate by operating with a negative profit margin. However, families are facing a choice to either quit work or leave children in inadequate care, which often means leaving children home alone.

The quality of the care matters, when it comes to improving child outcomes. Providers want children to succeed in school and in life. High quality care, however, is expensive for providers. Quality improvement poses significant costs to providers; tiered reimbursements help off-set these costs. Providers need support achieving high-quality standards. Incentivizing at level two of Early Achievers is critical in motivating more providers to join Early Achievers and improve the overall quality of child care in Washington.

It is important to be good stewards of public money. For every \$1 we invest in early learning, we save \$7 in the future. As science continues to prove the importance of early learning for children, Washington needs to support these programs. Preparing children for school has the potential to change the trajectory of a child's life.

(In support with concerns) The bill helps make certain that families are treated fairly and respectively when they are accessing the WCCC subsidies. However, some stakeholders would prefer to have more flexibility in the language around Early Achievers, so as the programs evolves the DEL can make necessary changes based upon what the agency learns via data and program evaluation. Additionally, some feel that increased subsidy rates should be tied to level three of the Early Achievers, in lieu of level two of Early Achievers. Moreover, it would be helpful if the oversight board, as stated in the bill, could be an advisory board and be incorporated into the existing Early Learning council. There is a concern that the proposed task force membership is not balanced and that more center representation should be included. Finally, because the work to streamline rules is already happening, the provision requiring said action should be deleted.

(Opposed) None.

**Persons Testifying:** (In support) Representative Farrell, prime sponsor; Leslie Dozono, Early Learning Action Alliance; Lori Phingst, Washington State Budget and Policy Center; Diana Comfort, Young Men's Christian Association; Kathy Yasi; Jeanette Spiegelburg, Centralia College, Children's Lab School; Karin Anderson, Child Care Aware of Olympic Peninsula; Frank Orday, League of Education Voters; and Michelle Duhon and Dayida Haygood, Kindercare Learning Center.

(In support with concerns) Amy Blondin, Department of Early Learning.

**Persons Signed In To Testify But Not Testifying:** Alia Griffing, Washington Federation of State Employees.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Early Learning & Human Services. Signed by 18 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Carlyle, Cody, Dunshee, Green, Haigh, Hudgins, Hunt, Jinkins, Kagi, Maxwell, Morrell, Pedersen, Pettigrew, Seaquist, Springer and Sullivan.

**Minority Report:** Do not pass. Signed by 13 members: Representatives Alexander, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Dahlquist, Fagan, Haler, Harris, Parker, Pike, Ross, Schmick and Taylor.

**Staff:** Wendy Polzin (786-7137).

**Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Early Learning & Human Services:**

The Appropriations Committee recommended the removal of the authorization that an applicant may be eligible for Working Connections Child Care (WCCC) benefits based on certain educational activities and the removal of a legislative task force on child care improvements.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 2, 2013.

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

**Staff Summary of Public Testimony:**

(In support) There will be amendments on this legislation that will reduce the fiscal note. The WCCC program is a very important program, and this bill will help fix the problems in the WCCC. Referrals to the WCCC program are up, but families are unable to access services because of barriers in the system. The WCCC program allows parents to go to work knowing that their children are safe. The legislation will improve the overall integrity of the program. Child care subsidies are critical to low-income workers. The system is bound in red tape and needs simplification. Families must wait on hold when applying for subsidies. Many have jobs where they cannot have a call returned or wait on hold. Child care providers are small business owners and should receive a higher subsidy.

(Opposed) None.

**Persons Testifying:** Representative Farrell, prime sponsor; Kathy Yasi, Service Employees International Union 925; Lori Pittman, Washington State Association of Head Start and Early Childhood Education and Assistance Program; Liz Director, Community Day School Association; and Steve Leahy, America's Edge.

**Persons Signed In To Testify But Not Testifying:** None.