SENATE BILL REPORT
2SSB 5595

As Amended by House, April 23, 2013

Title: An act relating to child care reform.

Brief Description: Concerning child care reform.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Billig, Litzow, Darneille, Fain, Hargrove, McAuliffe, Harper, Nelson, Hobbs, Mullet, Frockt, Cleveland, Rolfes, Kohl-Welles, Shin, Kline and Conway).

Brief History:
  Committee Activity: Human Services & Corrections: 2/18/13, 2/20/13 [DPS, w/oRec].
  Ways & Means: 2/28/13, 3/01/13 [DP2S, w/oRec].
  Passed Senate: 3/13/13, 47-2.
  Passed House: 4/16/13, 58-38; 4/23/13, 58-39.

SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

Majority Report: That Substitute Senate Bill No. 5595 be substituted therefor, and the substitute bill do pass.
    Signed by Senators Carrell, Chair; Pearson, Vice Chair; Darneille, Ranking Member; Hargrove and Harper.

Minority Report: That it be referred without recommendation.
    Signed by Senator Padden.

Staff: Shani Bauer (786-7468)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5595 be substituted therefor, and the second substitute bill do pass.
    Signed by Senators Hill, Chair; Hargrove, Ranking Member; Nelson, Assistant Ranking Member; Bailey, Conway, Dammeier, Fraser, Hasegawa, Hatfield, Hewitt, Keiser, Kohl-Welles, Murray, Parlette, Ranker, Rivers and Tom.

Minority Report: That it be referred without recommendation.

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.

Signed by Senators Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Becker, Braun, Padden and Schoesler.

Staff: Jenny Greenlee (786-7711)

Background: The Working Connections Child Care Program (WCCC) provides subsidies to child care providers serving families at or below 200 percent of the federal poverty line. 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. Co-pays for WCCC are currently $15 for families with income between 0 and 82 percent of the federal poverty line; $65 for income between 82 and 137.5 percent of the federal poverty line; and $65 plus a multiplier of one-half for every dollar of income over 137.5 percent of the federal poverty line. A person receiving WCCC while receiving training for work is generally limited to basic education or vocational training.

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

In 2007, the Legislature required DEL to establish a voluntary quality rating and improvement system applicable to licensed or certified child care centers and homes, and early education programs. In response, DEL worked with the University of Washington to develop the Early Achievers program. 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.

In 2010, the Legislature required DEL to coordinate with DSHS and contract with an independent consultant to evaluate and recommend the optimum system for the eligibility determination process. The evaluation was to include an analysis of lean management processes that, if adopted, could improve the cost effectiveness and delivery of eligibility determination.   The Aclara Group delivered its report to DEL on October 31, 2012.

Summary of Second Substitute Bill: Early Achievers is a program designed to accomplish several goals including providing parents with information about quality child care and early education programs, improving early learning throughout the state, and increasing school readiness for children. All licensed and certified child care programs are eligible to participate, but participation is voluntary. Five levels of quality standards are outlined.

DEL must establish and implement policies in WCCC to promote stability and quality of care for children from low-income households. Policies must be consistent with outcome measures currently defined in statute and standards outlined in this section.

A child care consumer and provider bill of rights is outlined and includes guidance such as timeframes for returning phone calls, electronic submission of forms, and professionalism training for employees. DEL must convene a Parent and Provider Oversight Board to listen to issues raised by consumers and recommend policy changes.

A legislative taskforce is established to examine the tiered reimbursement model, child care enrollment procedures, eligibility requirement rules, and opportunities for child care expansion. Membership is prescribed. Recommendations must be provided to the Governor and the Legislature no later than December 31, 2013.

The Legislature finds that the recommendations in the Aclara Group report will result in streamlining the child care system to improve access and customer service and should be followed. By December 1, 2013, DEL and DSHS must:
- eliminate the current custody/visitation policy and design a flexible subsidy system;
- create broad authorization categories to account for minor changes in parents' work schedules;
- eliminate the activity schedule and reduce the number of minor changes families must report; and
- simplify the requirement to count child support as income.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: Yes.

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

Staff Summary of Public Testimony on Original Bill (Human Services & Corrections):
PRO: This bill does much more than just provide quality child care for low-income families, it improves early learning of children and ensures that they will have educational success. The bill is about efficiency, quality, getting people back to work, and helping kids to succeed. Quality programs cost money that will pay us dividends in the long run. Anacortes has partnered with child care providers to bring the percentage of school-ready children from 60 percent to 90 percent. Statistics show similar results in Yakima and Auburn. Investment in early learning partnership continues to show results. With the cuts to WCCC, providers have either closed their doors or stopped providing services to children with subsidies. In 2010, Washington had 10,000 child care providers. Today there are only 6000. Child care providers need to make a living wage. We need to incentivize and encourage providers to once again take subsidized children. WCCC is a program in crisis. The system is difficult to navigate and it is difficult to get straight answers from DEL. Paperwork is complicated. Child care is important so that parents can maintain successful employment. Investments in early learning are some of the most critical investments our state can make. The Early Achievers program represents the latest research on what is needed to ensure that children succeed.

OTHER: We are working with the bill sponsor for changes. Increases to subsidy rates that are tied to the Early Achievers program should begin at level three. WCCC has been understaffed, so increases should also include increases to staff. The taskforce should include representatives from child care service employees.

Persons Testifying (Human Services & Corrections): PRO: Senator Billig, prime sponsor; Mary Jo Christensen, Anacortes School District; Sarah Francis, Moms Rising;

Marie Keller, Family Child Care Provider; Natasha Fecteau, citizen; Frank Ordway, League of Education Voters; Faith Trimble, United Way; Gail Joseph, University of Washington I-Labs; Karen Tvedt, League of Women Voters; Sandy Nelson, American Federation of Teachers; Mike Kasprzak, Child Care Resources.

OTHER: Amy Bondin, DEL; Alia Griffing, WA Federation of State Employees

Staff Summary of Public Testimony on Substitute (Ways & Means) : PRO: There are 8000 unfilled WCCC slots and 15,000 fewer families being served now, yet referrals for child care are up 25 percent. Families need child care but are unable to access the program. This bill will help streamline the administration of this program and make it more accountable and accurate. It gives families tools to monitor the status of the program and ensure the program is working. WCCC produces key returns as part of quality early learning. Quality early interventions help ensure a high-quality workforce. Business people are used to constantly revisiting costs, quality, and value and not holding programs static. It is important to do smart things to enable kids to get better outcomes. WCCC is a smart investment and should be attuned to current circumstances. Kids coming from WCCC are better prepared for school. We should continue creating stability for kids so they will arrive prepared for school. There is support for an amendment that removes the remaining fiscal impacts of the bill. The remainder of the bill addresses important issues within the program. We want to move forward on those elements of the bill.

Persons Testifying (Ways & Means): PRO: Lonnie Johns-Brown, Early Learning Action Alliance; Kathy Yasi, Service Employees International Union 925; Steve Leahy, America's Edge; Frank Ordway, League of Education Voters.

House Amendment(s):

- Removes codification of the Early Achievers program, including the definition and goals of the program as those provisions are contained in another bill.
- Removes the provider bill of rights, but still outlines DEL and DSHS responsibilities to consumers and providers.
- Adds two members to the legislative taskforce and modifies the issues to be considered by the taskforce.
- Modifies language outlining the specific recommendations of the Aclara Group report to be implemented by DEL and DSHS.