# SENATE BILL REPORT
# SB 6464

As of February 8, 2018

**Title**: An act relating to studying the cliff effect in the working connections child care program.

**Brief Description**: Studying the cliff effect in the working connections child care program.

**Sponsors**: Senators Zeiger, O'Ban, Saldaña, Dhingra, Palumbo, Hasegawa and Miloscia.

**Brief History:**
**Committee Activity**: Early Learning & K-12 Education: 1/30/18.

**Brief Summary of Bill**

- Directs the Washington State Institute for Public Policy (WSIPP) to analyze certain topics in the Working Connections Child Care program by December 1, 2018.

## SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Staff**: Ailey Kato (786-7434)

**Background**: Department of Children, Youth, and Families (DCYF). This department was created in 2017. On July 1, 2018, child welfare programs from the Children's Administration within Department of Social and Health Services (DSHS) and early learning programs from the Department of Early Learning (DEL) will move to DCYF. DEL's programs include Working Connections Child Care (WCCC).

Currently, DEL sets childcare subsidy policy for WCCC, and the Economic Services Administration within DSHS administers these programs.

WCCC. This federally and state-funded program offers subsidies to childcare providers serving families with an income at or below 200 percent of the federal poverty guidelines (FPG)—$49,200 for a family of four. The state pays part of the cost of childcare when a parent is employed, self-employed, or meets the requirements for Temporary Assistance for Needy Families (TANF) or WorkFirst programs. The family is responsible for making a copayment to the child care provider based on the family's income.

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Copayments for WCCC are provided in rule. If a family's income is:
- at or below 82 percent of FPG, the copayment is $15;
- above 82 percent up to 137.5 percent of FPG, the copayment is $65; and
- above 137.5 percent through 200 percent of FPG, the copayment is the dollar amount equal to subtracting 137.5 percent of FPG from countable income, multiplying by 50 percent, then adding $65.

Authorizations for WCCC subsidies are effective for 12 months. Parents meeting the requirements for TANF are limited to 60 months of this benefit. DEL must manage the WCCC program, so the average monthly caseload does not exceed 33,000 households.

<u>Income Phase-Out.</u> Current WCCC rules allow for an income-phase out period if a family's income is greater than 200 percent, but less than 220 percent at reauthorization. This phase-out period is currently three months, but must be 12 months by October 1, 2018, to be in accordance with federal law.

<u>Tiered Reimbursement.</u> State law requires tiered reimbursement for Early Achievers program participants in WCCC rating at level 3, 4, or 5.

**Summary of Bill**: DCYF must contract with WSIPP to complete an analysis regarding how to address and mitigate the cliff effect in the WCCC program and child care subsidy program.

By December 1, 2018, WSIPP must analyze the WCCC copay calculation table and issue a report on the following:
- how to further develop and implement a sliding scale or tiered reimbursement and phase-out model that works for both consumers and providers and provides incentives for quality child care across communities;
- whether or not increasing or decreasing the eligibility threshold for WCCC would allow parents to grow professionally without losing affordable child care;
- whether further graduation of the copay scale would help alleviate the cliff that occurs at subsidy cut off;
- whether or not adding mental health, substance use, and other client-centered exemptions to the TANF lifetime 60-month cap would help mitigate the cliff effect; and
- needed administrative improvements and structural changes to the payment system.

**Appropriation**: None.

**Fiscal Note**: Available.

**Creates Committee/Commission/Task Force that includes Legislative members**: No.

**Effective Date**: The bill takes effect on July 1, 2018.

**Staff Summary of Public Testimony**: PRO: In social safety net programs, the benefits cliff refers to people losing their benefits because they exceed an income threshold even if by a small amount. Sometimes parents have to choose between advancing their career and losing their child care benefits. The goal is to have people become self-sufficient with the help of these programs. If they are abruptly cut off from these programs, it will be difficult for them to reach this goal. The cliff effect greatly impacts single parents and students who are parents. This bill directs WSIPP to look at the cliff effect for WCCC, but this could include other social safety net programs. This is an issue area that deserves more research and can help with data-driven decision-making. Child care subsidy rates could also be examined in this study.

**Persons Testifying**: PRO: Senator Hans Zeiger, Prime Sponsor; Alex Hur, Statewide Poverty Action Network; Laurie Lippold, Partners for Our Children; Salvador Salazar Cano, Washington Student Association.

**Persons Signed In To Testify But Not Testifying**: No one.