

HOUSE BILL REPORT

HB 1344

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

Title: An act relating to establishing the Washington child care access now act.

Brief Description: Concerning child care access.

Sponsors: Representatives Reeves, Ryu, Sells, Valdez, Goodman, Robinson, Shewmake, Stonier, Macri, Kilduff, Leavitt and Pollet.

Brief History:

Committee Activity:

Human Services & Early Learning: 1/30/19, 2/8/19 [DPS];
Appropriations: 2/25/19, 2/28/19 [DP2S(w/o sub HSEL)].

Brief Summary of Second Substitute Bill

- Directs the Department of Commerce to contract for a regional assessment of the child care industry to be completed by July 1, 2020.
- Modifies the duties, membership, and term of the Child Care Collaborative Task Force (CCCTF).

HOUSE COMMITTEE ON HUMAN SERVICES & EARLY LEARNING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Senn, Chair; Callan, Vice Chair; Frame, Vice Chair; Dent, Ranking Minority Member; Eslick, Assistant Ranking Minority Member; Corry, Goodman, Kilduff, Lovick and Ortiz-Self.

Minority Report: Do not pass. Signed by 2 members: Representatives McCaslin, Assistant Ranking Minority Member; Klippert.

Staff: Dawn Eychaner (786-7135).

Background:

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.

Department of Commerce.

The Department of Commerce (COM) administers programs intended to promote community and economic development, including providing businesses with assistance in various areas such as export, siting, expansion, and infrastructure. The COM also administers the Child Care Collaborative Task Force (CCCTF). The CCCTF is tasked with examining the effects of child care affordability and accessibility on the workforce and on businesses. The CCCTF must report recommendations regarding incentivizing employer-supported child care and improving child care access and affordability to the Governor and the Legislature by November 1, 2019, and expires on December 30, 2019.

Child Care Workforce Development Technical Work Group.

The 2017-19 Operating Budget required the Department of Children, Youth, and Families (DCYF) to convene a Child Care Workforce Development Technical Work Group (Technical Work Group) to develop recommendations to support increased child care workforce wages, reduce turnover, enable child care providers to recruit more qualified educators, and maintain the diversity of the current workforce. The Technical Work Group's report with recommendations and an implementation plan was due to the Governor and the Legislature by December 1, 2018.

Working Connections Child Care.

To be eligible for subsidized child care through the Working Connections Child Care (WCCC) program, an applicant must have a household income at or below 200 percent of the federal poverty level (FPL) and be engaged in approved work activities unless the family has received child welfare, child protective, or family assessment response services in the previous six months. Historically, the average monthly caseload of the WCCC program has been capped in the state operating budget at 33,000 households, and certain populations have been identified for priority in the event of a waitlist.

Summary of Substitute Bill:

Child Care Industry Assessment.

The COM must solicit one or more third parties to conduct a regional assessment of the child care industry in partnership with a statewide organization representing parents. The goal of the assessment is to better understand issues affecting child care access and affordability for families. The assessment must be submitted to the Governor, the Legislature, and the CCCTF by July 1, 2020, and must:

- include demographic data on child care and early learning providers, and the children receiving care from various types of providers;
- define and describe characteristics of the informal child care market;
- identify family child care choices by income bracket;
- include a visual representation of child care supply and demand by region;
- identify trends in the relationship between private pay and subsidy rates;
- analyze the industry's measurable contribution to the state's economy; and
- include a facilities needs assessment to address unmet capacity needs.

Child Care Collaborative Task Force.

The CCCTF must be jointly convened by the COM and the DCYF. The CCCTF membership is expanded to include a private school provider representing the Washington Federation of Independent Schools, a representative of a statewide grassroots advocacy organization representing the interests of parents, a representative from the Technical Work Group, an early learning policy expert, a representative of a nonprofit public policy center focused on economic opportunity, and a representative of an organization of early learning providers focused on preserving languages and culture by serving immigrant and refugee communities. Licensed family home and child care center providers serving on the CCCTF must be reimbursed for the cost of hiring a substitute for times the provider is away from the child care business for official task force travel and meetings.

The expiration date of the CCCTF is extended to July 1, 2021. Members serving on the CCCTF as of January 1, 2019, may continue to serve without reappointment.

Child Care Collaborative Task Force Duties.

The CCCTF must:

- develop a child care cost estimate model to determine the full costs providers would incur when providing high quality child care, including recommended teacher-child ratios based on research and best practices. The model must include regional differences, employee salaries and benefits, enrollment levels, facility costs, and costs associated with regulatory and statutory requirements including quality rating system participation. The model must use existing data and research available from legislatively directed studies and reports, and must consider differentiating subsidy rates by child age and region;
- consider how the measure of the state median income (SMI) could be used in place of the FPL when determining eligibility for child care subsidies;
- evaluate recommendations from the Technical Work Group, including consideration of pay scale changes to achieve pay parity with kindergarten through twelfth grade (K-12) teachers by January 1, 2025, and further develop policy recommendations for the DCYF. Policy recommendations must:
 - endeavor to preserve and increase racial and ethnic equity and diversity in the child care workforce and recognize cultural competency and multilingualism;
 - include a salary floor that supports recruitment and retention of a qualified workforce in every early learning setting;
 - index salaries for providers against salaries of specified early learning professional job categories;
 - incentivize advancements in higher education credentials and equivalencies, training, and years of experience;
 - consider credential equivalencies;
 - consider a provider's years of experience in the field and at his or her current site;
 - differentiate subsidy rates by region; and
 - provide additional compensation to providers serving certain populations or demonstrating additional linguistic or cultural competency; and
- develop a phased implementation plan for policy changes to the WCCC. The implementation plan must focus on children and families furthest from opportunity as defined by income, recommend targeted supports for providers serving underserved

children, and emphasize greater racial equity. Implementation plan components must include:

- increasing the WCCC program eligibility to 300 percent of the FPL or 85 percent of the SMI;
- establishing a graduated system of copayments that eliminates the cliff effect and limits the amount a family pays for child care to a maximum of 7 percent of the family's income by January 1, 2025;
- developing a contracted slots model for WCCC payments;
- eliminating work requirements for student families participating in the WCCC program;
- eliminating the fiscal cap on WCCC enrollment; and
- prioritizing certain populations in the event of a WCCC waitlist.

The CCCTF must submit its findings and required implementation plan to the Governor and the Legislature by July 1, 2020.

Department of Children, Youth, and Families.

By January 1, 2025, the DCYF must use the child care cost model developed by the CCCTF to determine child care subsidy rates.

Substitute Bill Compared to Original Bill:

The substitute bill:

- requires the COM to solicit one or more third parties to conduct a regional assessment of the child care industry in partnership with a statewide organization representing parents. The assessment must be submitted to the Governor, the Legislature, and the CCCTF by July 1, 2020;
- replaces the Child Care Access Work Group with the CCCTF, requires the CCCTF to be jointly convened by the COM and the DCYF, modifies CCCTF membership and duties, allows child care providers serving on the CCCTF to be reimbursed for substitute costs, and extends the CCCTF to July 1, 2021;
- requires the CCCTF to develop a child care cost estimate model to determine full costs providers would incur when providing high quality child care. The model must consider differentiating subsidy rates by region, evaluate effectiveness of current subsidy region boundaries, and examine alternatives to boundaries;
- requires the DCYF to use the child care cost estimate model to determine child care subsidy rates by January 1, 2025;
- modifies the phased implementation plan for policy changes to the WCCC program to focus on children and families farthest from opportunity, include income eligibility measures of 300 percent of the FPL or 85 percent of the AMI, and eliminates work requirements for the WCCC program for student families; and
- adds findings and intent language.

Appropriation: None.

Fiscal Note: Requested on January 23, 2019.

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) There are approximately 500,000 children from birth to age 5 in the state, but where those kids are cared for is a question. Child care is in a crisis, especially in rural Washington. The cost of child care is more expensive than university tuition. The child care problem is starting to affect business retention and expansion efforts. Child care centers are talking about closing their doors because they cannot continue to pay staff based on current subsidy rates. Teachers can literally go across the street and make more money at a coffee shop. Centers are losing money by accepting the subsidy and have to cap the number of subsidy kids they accept due to budget reasons. Education requirements for providers are a concern. Experience is so important, as is education, and a degree doesn't mean a provider earns more money. Family child care provides 33 percent of the nontraditional child care hours. The Early Achievers program is wonderful, but teacher pay is not equivalent to the pay of K-12 teachers. Research findings show the first years of life are critical for brain development, and supporting kids in the earliest years helps them be ready for kindergarten. High quality care is more challenging than ever for families to access, and attracting an early learning workforce is the key to quality care. Money spent on early learning returns an investment even greater than K-12 investments. More child care providers who can provide culturally and linguistically appropriate services are needed. The benefits cliff is real, and parents cannot afford care. Teachers are currently compensated at less than median wage, and compensation for subsidy providers is far below national standards. The early childhood education career and wage ladder have been forgotten, and budget increases should raise provider salaries. The child care market supports providers of color, immigrants, and women. In 2005 there were 8,000 licensed family home providers in Washington, and 6,000 of those cared for kids on subsidy. Now there are 1,897 providers serving subsidy kids and 50 percent fewer licensed family home providers. This is a professional workforce largely made up of women and deserves to be treated with respect. This is not just a business concern, but an equity concern. Washington ranks as the sixth worst state in the country as a child care desert, and this is unconscionable for the number one economy in the country.

(Opposed) None.

Persons Testifying: Representative Reeves, prime sponsor; Dru Garson, Grays Harbor Economic Development Council; Stephanie Smith, Learning to Grow Childcare Center Owner; Edward Hamilton, Washington Childcare Centers Association; Carrie Beirman, Connie Largen, Mary Curry, and Karen Hart, Service Employees International Union 925; Dow Constantine, King County Executive Office; Kelly Blucher; Lauren Hipp, Moms Rising; John Burbank, Economic Opportunity Institute; and Sarah Brady, Child Care Resources; and Allison Krutsinger, Children's Alliance.

Persons Signed In To Testify But Not Testifying: None.

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 Human Services & Early Learning. Signed by 21 members: Representatives Ormsby, Chair; Bergquist, 2nd Vice Chair; Robinson, 1st Vice Chair; Rude, Assistant Ranking Minority Member; Cody, Dolan, Fitzgibbon, Hansen, Hudgins, Jinkins, Macri, Mosbrucker, Pettigrew, Pollet, Ryu, Senn, Springer, Stanford, Sullivan, Tarleton and Tharinger.

Minority Report: Do not pass. Signed by 11 members: Representatives Stokesbary, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Caldier, Chandler, Dye, Hoff, Kraft, Schmick, Steele, Sutherland and Ybarra.

Staff: Kelci Karl-Robinson (786-7116).

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

The provisions related to the child care industry assessment are modified to:

- allow the Department of Commerce to use a combination of private and public resources to support assessment activities;
- allow the use of existing reports, studies, models, and analysis related to child care affordability and access in the assessment's development;
- allow children, provider, and industry economic-impact data to be broken down to the extent possible; and
- add tribal families accessing child care to the families for whom demographic information is included in the assessment.

The Child Care Collaborative Task Force (CCTF) is required to use existing studies and reports rather than legislatively directed studies and reports in developing the child care cost estimate model. The CCTF is no longer required to make a recommendation related to the prioritization of certain populations in the event of a Working Connections Child Care (WCCC) waitlist. The date by which the CCTF must submit findings and an implementation plan related to the child care cost estimate model, income eligibility measures for child care subsidy, provider compensation, and WCCC policy changes is extended from July 1, 2020, to December 1, 2020. The CCTF must develop a strategy, timeline, and implementation plan to reach the goal of accessible and affordable child care for all families by the year 2025 and submit the strategy, timeline, and implementation plan to the Governor and the Legislature by June 1, 2021. Findings and intent language are revised.

The bill is null and void unless funded in the budget.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) Investing in Washington's future workforce will grow and sustain a globally competitive economy. The annual rate of return for high quality early education is between 7 and 10 percent. Investment in early childhood education tackles inequality and promotes productivity. The child care industry in Washington has a \$2.1 billion economic impact, including parents' participation in the workforce. Sixty-three percent of families in Washington live in a child care desert without access to high quality child care. A lack of child care and raising costs could result in dire consequences, including lost economic activity and lost tax revenue. Sustainable solutions are needed to address the child care crisis. Only 1 percent of the Washington state budget is invested in early learning. Ninety percent of brain development occurs in the first five years of a child's life. Additional investments are needed in Washington's young learners and their caregivers. The child care workforce is 94 percent women and is one of the lowest paid workforces. Increasing child care subsidy rates is a critical first step in addressing the child care crisis. This bill will lead to a cross-sector analysis of solutions to expand access, increase affordability, and invest in the workforce. There is support for lowering the cost of this bill.

(Opposed) None.

Persons Testifying: Amy Anderson, Association of Washington Business; and Allison Krutsinger, Children's Alliance.

Persons Signed In To Testify But Not Testifying: None.