

HOUSE BILL REPORT

E2SHB 1391

As Amended by the Senate

Title: An act relating to implementing improvements to the early achievers program as reviewed and recommended by the joint select committee on the early achievers program.

Brief Description: Implementing improvements to the early achievers program as reviewed and recommended by the joint select committee on the early achievers program.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Senn, Dent, Eslick, Reeves, Pollet and Ortiz-Self).

Brief History:

Committee Activity:

Human Services & Early Learning: 1/23/19, 1/30/19 [DPS];
Appropriations: 2/18/19, 2/25/19 [DP2S(w/o sub HSEL)].

Floor Activity:

Passed House: 3/5/19, 96-0.
Senate Amended.
Passed Senate: 4/13/19, 42-3.

Brief Summary of Engrossed Second Substitute Bill

- Adjusts rating levels and associated deadlines for participants in the Early Achievers (EA) program.
- Directs the Department of Children, Youth, and Families to adopt policies related to providing incentives and removing barriers for child care and Early Childhood Education and Assistance Program providers participating in the EA program.
- Establishes a Cost of Child Care Regulations Work Group.

HOUSE COMMITTEE ON HUMAN SERVICES & EARLY LEARNING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Senn, Chair; Callan, Vice Chair; Frame, Vice Chair; Dent, Ranking Minority Member; Eslick, Assistant Ranking Minority Member; McCaslin,

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.

Assistant Ranking Minority Member; Corry, Goodman, Griffey, Kilduff, Klippert, Lovick and Ortiz-Self.

Staff: Dawn Eychaner (786-7135).

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 30 members: Representatives Ormsby, Chair; Bergquist, 2nd Vice Chair; Robinson, 1st Vice Chair; Stokesbary, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Rude, Assistant Ranking Minority Member; Caldier, Chandler, Cody, Dolan, Fitzgibbon, Hansen, Hoff, Hudgins, Jinkins, Macri, Mosbrucker, Pettigrew, Pollet, Ryu, Senn, Springer, Stanford, Steele, Sullivan, Sutherland, Tarleton, Tharinger, Volz and Ybarra.

Minority Report: Do not pass. Signed by 3 members: Representatives Dye, Kraft and Schmick.

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

Background:

Working Connections Child Care.

Working Connections Child Care (WCCC) is a federally and state-funded program that offers subsidies to childcare providers serving families with an income at or below 200 percent of the federal poverty level (FPL). 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 or WorkFirst programs. The family is responsible for making a copayment to the childcare provider.

Facilities that have infants and toddlers receiving subsidy payments may be eligible for technical assistance through infant-toddler consultation.

Subsidy Rates.

Federal Child Care and Development Fund (CCDF) rules require states to conduct a statistically valid and reliable child care market rate survey every three years. The federal Administration of Children and Families advises states to set child care rates at the seventy-fifth percentile of the private market rate in order ensure equal access for families with subsidized child care. Licensed family homes and child care centers are paid a full or half-day rate based on the age of the child, region, and setting.

An enhanced special needs rate is provided for children who need a higher level of care in the child care setting. The child must have a verified physical, mental, emotional, or behavioral condition that requires a higher level of care.

Early Childhood Education and Assistance Program.

The Early Childhood Education and Assistance Program (ECEAP) is the state's voluntary preschool program. Three and 4-year-olds from families with incomes at or below 110 percent of the FPL are eligible for the ECEAP. Children with special needs or certain risk factors are also eligible to enroll, regardless of income.

In 2014 the Washington State Institute for Public Policy (WSIPP) conducted a retrospective evaluation of the ECEAP. The WSIPP found that the ECEAP has a positive impact on third, fourth, and fifth grade test scores.

The Department of Children, Youth, and Families (DCYF) has developed a pathway for licensed or certified child care centers and homes to administer the ECEAP. The pathway includes accommodations for these providers to rate at a Level 4 or 5 in the Early Achievers (EA) program in order to qualify as ECEAP providers.

Early Achievers.

The EA program is Washington's Quality Rating and Improvement System for child care and early learning.

The DCYF administers the EA program. The quality of care is assigned a rating on a scale of 1-5, with Level 1 being the minimum requirements for licensing, and Level 5 being the highest possible level of quality. Participation in the EA program is mandatory for all providers serving non-school-age children and accepting state subsidy payments.

Rating Levels and Deadlines.

The EA rating system has a total of 100 possible points that participants can earn. To rate at a Level 3, participants must earn 30-69 points. To rate at a Level 4, participants must earn 70-90 points. To rate at a Level 5, participants must earn 91-100 points.

Providers accepting subsidy must rate at specific levels by certain deadlines, as shown in the table below:

Provider Type		Rating Level Deadlines
Child care provider	Currently accepting subsidy	Level 3 or higher by December 31, 2019.
	Newly enrolled in EA	Level 3 or higher within 30 months of enrollment.
ECEAP provider	Currently providing ECEAP services	Must have rated at a Level 4 or higher by March 1, 2016.
	Newly enrolled in EA	Level 4 or higher within 12 months of enrollment.
	Child care provider newly enrolled as ECEAP provider	Level 4 or higher within 18 months of the start of the ECEAP contract.

If a child care provider accepting subsidy does not meet the rating deadline, the provider must complete remedial activities and rate at a Level 3 or higher within six months of beginning remedial activities.

Ratings are valid for three years, at which time a provider's rating must be renewed. A provider may request a re-rating outside of the regular rating and renewal cycle. The DCYF may charge a fee for a re-rating.

Provider Reimbursement and Incentives.

Tiered reimbursement: Participants can earn an increase to their subsidy base rate based on EA rating levels. This is referred to as tiered reimbursement. The following percentages are applied to the authorized base subsidy rates based on the rating level and licensed setting:

Increases to subsidy base rates by Early Achievers rating level and provider type		
	Child Care Center	Licensed Family Home
Level 2	2%	2%
Level 3	4%	10%
Level 4	10%	15%
Level 5	15%	20%

Professional development, coaching, and technical assistance: An objective of the EA program is to provide professional development and coaching opportunities to child care and early learning providers. Participants have access to training opportunities and education scholarships and grants to use towards bachelor degrees, associate degrees, and Early Childhood Education certificates.

Each participant is assigned a coach who provides technical assistance and helps the participant prepare for the EA rating process.

Quality Improvement Awards and needs-based grants:

- Quality Improvement Awards (QIA) may be awarded annually to providers. To be eligible, at least 5 percent of the children served by the provider must be receiving subsidy. The QIA must be used toward achievement of quality improvement goals outlined in a quality improvement plan. The QIA range from \$5,000 to \$9,000 for centers, and \$1,000 to \$2,750 for family home providers.
- Needs-based grants are available to assist providers at Level 2 with purchasing curriculum development, instructional materials, supplies, and equipment to improve program quality. Priority for the needs-based grants must be given to culturally diverse and low-income providers. A child care center may receive up to \$1,000, and a family home child care provider may receive up to \$750.

Child Care Licensing Standards.

The DCYF regulates child care licensing and is responsible for maintaining a set of core competencies for child care and early learning providers. The 2015 Legislature required the DCYF to adopt rules to implement a single set of licensing standards. The revised licensing

standards must provide minimum health and safety standards for childcare and preschool programs, rely on the standards established in the EA program to address quality issues, take into account the separate needs of family care providers and child care centers, and promote the continued safety of childcare settings. The DCYF adopted the updated licensing standards in rule in 2018, including new continuing and higher education requirements for providers.

Joint Select Committee on the Early Achievers Program.

The Legislature established the Joint Select Committee on the EA program (Committee) to review the demand and availability of various types of child care and early learning programs and make recommendations related to the EA program. In January 2019 the Committee issued a final report and adopted recommendations.

Summary of Engrossed Second Substitute Bill:

Rating Levels and Deadlines.

The DCYF must create an intermediate rating level that is between a Level 3 and a Level 4 and serves to assist participants in transitioning to Level 4.

A re-rating must reset the rating cycle timeline for participants. The DCYF must prioritize re-ratings for providers rated at a Level 2 and for providers rated at a Level 3 who are seeking to become ECEAP providers.

Rating deadlines for child care providers are adjusted as follows:

- A child care provider currently accepting subsidy must rate or request to be rated at a Level 3 by December 31, 2019, rather than be rated at a Level 3 by this date.
- A provider who does not meet this deadline must complete remedial activities and rate at or request to be rated at a Level 3 within 12 months, rather than six months.
- A new child care provider accepting subsidy must rate or request to be rated at a Level 3 within 30 months of enrollment, rather than be rated at a Level 3 by this date.

If a provider does not meet these deadlines, they are no longer eligible to receive state subsidy.

Rating requirements for ECEAP providers are adjusted as follows:

- A new ECEAP provider must rate at Level 4 or 5 within 24 months of enrollment rather than 12 months.
- A child care provider who is administering the ECEAP must rate at a Level 4 or 5 within 24 months of the start date of the ECEAP contract, rather than 18 months.
- When an ECEAP in good standing changes classroom locations and moves to a comparable or improved space within the same facility, a re-rating is not required outside of the regular rating cycle.
- When an ECEAP in good standing moves to a new facility, the provider must notify the DCYF of the move within six months in order to retain their existing rating. The EA program must conduct an observational visit to ensure the new classroom space is of comparable or improved environmental quality. If a provider fails to notify the DCYF within six months of the move, the EA rating must be changed to "Participating, Not Yet Rated," and the provider will cease to receive tiered reimbursement incentives until a new rating is completed.

Provider Reimbursement and Incentives.

The DCYF must consider using the intermediate level between Level 3 and 4, incentives, and front-end funding to develop multiple pathways for child care providers interested in providing the ECEAP.

Needs-based grants may be used for environmental improvements of early learning facilities and focused-infant toddler improvements. Needs-based grants are not limited to providers rated at a Level 2.

The DCYF must adopt the following administrative policies in the EA program:

- consider child care provider schedules and needs and allow flexibility when scheduling data collection and rating visits;
- eliminate rating scale barriers within the assessment tools and data collection methodologies in the EA program, and weight EA points to incentivize infant and toddler care;
- remove barriers to timely approvals for one-on-one behavioral support assistants when requested by a provider;
- require trauma informed care training for raters and coaches; and
- provide continuous and robust post-rating feedback to providers.

By September 1, 2019, the DCYF must deliver a report to the Governor and the Legislature that includes:

- an analysis for mitigating the "cliff effect" for child care subsidy consumers. The recommendations must consider how to further develop and implement a sliding scale or tiered reimbursement and phase-out model that works for consumers and providers, whether or not changing the eligibility threshold for the 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 cutoff, and capping family child care expenses at seven percent of a family's income;
- recommendations related to differential slot rates for the ECEAP based on variable factors that may contribute to provider costs; and
- a plan for blending CCDF and ECEAP funds to provide extended day ECEAP slots.

By December 1, 2019, the DCYF must submit to the Governor and the Legislature:

- a plan to pay providers an enhanced rate, award additional EA points, and create a corresponding trauma-informed care designation for providers serving behaviorally challenged children;
- recommendations to the Governor and the Legislature related to paying child care providers a set monthly subsidy rate, rather than a daily rate; and
- a detailed plan to implement a robust cross-accreditation process with multiple pathways that allows a provider to earn equivalent EA credit resulting from accreditation by high quality national organizations.

Cost of Child Care Regulations Work Group.

A Cost of Child Care Regulations Work Group (Work Group) is established to study:

- financial impacts of licensing regulations on child care businesses;

- direct and indirect financial costs to child care providers that are associated with participation in the EA program;
- benefits to providers associated with participation in the EA program; and
- available health, safety, and education outcome data for children and families engaged in EA programs.

The study must include an analysis of costs associated with licensing and EA requirements that may have a disproportionate economic impact on child care businesses located in rural areas.

The DCYF must provide staff support to the Work Group. The Work Group must meet at least five times between August 1, 2019 and November 30, 2019, and must convene at least two of the five meetings in Eastern Washington.

Work Group membership consists of:

- three licensed family home child care providers selected by a statewide organization representing the interests of family child care providers. At least one of these providers must provide care for children of agricultural workers, speak Spanish as a first language, or be located in Eastern Washington;
- three licensed child care center providers selected by a statewide organization representing the interests of licensed child care centers. At least one of these providers must provide care for children of agricultural workers, speak Spanish as a first language, or be located in Eastern Washington;
- two foster parents selected by a statewide organization solely focused on supporting foster parents. At least one foster parent must reside in Eastern Washington; and
- four legislators, consisting of two members of the House of Representatives (House) representing each of the two largest caucuses in the House, and two Senators representing each of the two largest caucuses in the Senate.

The Work Group must elect one legislator and one citizen member to serve as co-chairs. The Work Group may seek input and collaborate with other parties, including contracting with additional persons with technical expertise if such expertise is necessary. The Work Group may only enter into such a contract if funding is appropriated for this specific purpose. The Work Group must submit findings and recommendations to the Governor and the Legislature by December 31, 2019, and expires January 10, 2020.

Other Provisions.

The WSIPP must update the outcome evaluation of the ECEAP published in 2014 by examining the short- and long-term impacts on program participants, including high school graduation rates. The evaluation is due by December 31, 2021.

Outdated statutory references are corrected.

EFFECT OF SENATE AMENDMENT(S):

Makes the following duties of the DCYF subject to funds appropriated:

- submission of a detailed plan to implement a robust cross-accreditation process for equivalent EA credit based on national accreditation;

- reporting an analysis of consumer income and copayments in the WCCC program to mitigate the "cliff effect" for child care subsidy consumers;
- eliminating rating scale barriers and weighting EA points to incentivize infant and toddler care;
- removing barriers to timely approvals for one-on-one behavioral support assistants;
- requiring trauma-informed care training for raters and coaches; and
- submitting a plan to pay providers an enhanced rate, award additional EA points, and create a corresponding trauma-informed care designation for providers serving behaviorally challenged children.

Requires the following activities for the DCYF to be conducted within the agency's appropriations:

- prioritizing re-ratings for providers rated at a Level 2;
- prioritizing re-ratings for providers rated at a Level 3 who are seeking to become ECEAP providers;
- providing continuous and robust post-rating feedback to providers; and
- proposing recommendations related to paying child care subsidy providers a set monthly rate.

Modifies the WCCC "cliff effect" report due date to require a progress report by July 1, 2020 and a final report by July 1, 2021.

Revises the WSIPP outcome evaluation of ECEAP to include certain demographic information for ECEAP students and staff and to make the evaluation subject to funds appropriated.

Modifies the Work Group duties to:

- require Work Group to study the benefits of licensing regulations as well as the financial impacts;
- direct the Work Group to meet at least six times, rather than five, by January 31, 2020;
- delay the due date for reporting findings and recommendations until May 31, 2020 rather than a due date of December 31, 2019; and
- expire the Work Group on July 1, 2020 instead of January 10, 2020.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on April 11, 2019.

Effective Date: 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 (Human Services & Early Learning):

(In support) Increasing base rates of subsidy to at least 75 percent of market and establishing a stable monthly subsidy rate will help providers who are losing money accepting families on subsidy. The 3.5 rating level will break up the 40-point range in level 3, and narrowing the rating window will be helpful. Centers only have four block-out days, unlike family homes

which have 10 block-out days. Allowing a reasonable timeframe when a re-rate is needed, when a provider moves to a new facility, should be considered. Pushing deadlines out will help coaches and providers. Requiring that 75 percent of providers be rated at a Level 3 before a deadline is put in place should be considered. This will make EA more practical for providers and effective for families being served. Needs-based grants are needed for setting up infant rooms. Efforts to mitigate the subsidy benefits cliff will be helpful and provide greater stability. Rates should be at the seventy-fifth percentile of market for both early learning and before-and-after school programming, and rate increases will allow programs to attract and retain qualified staff. Providers need support to serve our children and need reasonable caseloads. Trauma-informed care is a huge need in the field to support providers who need individualized training. Another joint select committee should meet in a few years to look at workforce, affordability, and accessibility as EA is rolled out. Private schools want to open their doors to low-income families, and the only way to do that is to allow them to use their existing accreditation and crosswalk that with EA requirements. The use of contracted slots in working connections child care to further incentivize providers to take subsidy kids should be considered.

(Opposed) None.

Staff Summary of Public Testimony (Appropriations):

(In support) Early Achievers is the framework for supporting child care businesses in continuous quality improvement. The Joint Select Committee on Early Achievers Program looked deeply at the quality rating system and concluded that the system is working, but some improvements are needed. This legislation makes changes to the Early Achievers program to increase quality and provide more flexibility and incentives to participants. In Washington, 61 percent of all children under the age of six are in homes where all adults are working; these children are spending an average of 33 hours per week in child care. By passing this legislation and restoring funding to the program, more children will benefit from high quality child care. Quality early learning is a setting where teachers track and measure progress on developmental milestones and plan age appropriate activities that teach children new skills. Providers that are participating in Early Achievers are implementing these quality elements. The benefits cliff study will analyze the co-pay structure for subsidy families and the financial burden that prevents child care access. Trauma-informed care training will assist the system in serving children with increasing needs. In order to stay financially viable, providers are not accepting or limiting the number of subsidy children being served. Even with the recent federal investment that increased subsidy rates to the forty-fifth percentile of market rates, some providers are unable to serve subsidy children. Increasing the subsidy rates to the seventy-fifth percentile would benefit low-income families. Child care providers support a monthly subsidy rate similar to private pay rates, creation of the 3.5 Early Achievers rating, narrowing the rating window to one month, and increasing the number of block-out dates.

(Opposed) None.

Persons Testifying (Human Services & Early Learning): Representative Senn, prime sponsor; Julie Schroath, Washington Childcare Centers Association; Pauli Owen, Service Employees International Union 925; Sandra Best, Best Daycare; David Foster, Washington

State Alliance of Young Men's Christian Association; Nicole Rose, Department of Children, Youth, and Families; Allison Krutsinger, Children's Alliance; Suzie Hanson, Washington Federation of Independent Schools; and Ryan Pricco, Child Care Aware of Washington.

Persons Testifying (Appropriations): Representative Senn, prime sponsor; Allison Krutsinger, Children's Alliance; Janna Ryan; Ryan Pricco, Child Care Aware of Washington; and Julie Schroath, Washington Childcare Centers Association.

Persons Signed In To Testify But Not Testifying (Human Services & Early Learning): None.

Persons Signed In To Testify But Not Testifying (Appropriations): None.