

# SENATE BILL REPORT

## 2SHB 1344

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As Passed Senate - Amended, April 12, 2019

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

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

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Reeves, Ryu, Sells, Valdez, Goodman, Robinson, Shewmake, Stonier, Macri, Kilduff, Leavitt and Pollet).

**Brief History:** Passed House: 3/05/19, 72-24.

**Committee Activity:** Early Learning & K-12 Education: 3/18/19, 3/22/19 [DPA-WM, DNP, w/oRec].

Ways & Means: 4/04/19, 4/09/19 [DPA, w/oRec, DNP].

**Floor Activity:**

Passed Senate - Amended: 4/12/19, 25-20.

### Brief Summary of Bill (As Amended by Senate)

- Directs the Department of Commerce to contract for a regional assessment of the child care industry to be completed by July 1, 2020.
- Tasks the Office of Financial Management with developing a state employee survey to better understand issues affecting child care access and affordability.
- Modifies the duties, membership, and term of the Child Care Collaborative Task Force and directs the task force to submit reports in 2020 and 2021.
- Requires the Department of Children, Youth, and Families to use a child care cost model developed by the task force to determine child care subsidy rates by January 1, 2025.

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

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

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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.*

Signed by Senators Wellman, Chair; Wilson, C., Vice Chair; Hunt, McCoy, Pedersen and Salomon.

**Minority Report:** Do not pass.

Signed by Senators Hawkins, Ranking Member; Wagoner.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Padden.

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

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## SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Bailey, Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Lias, Palumbo, Pedersen, Rivers and Warnick.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Mullet, Capital Budget Cabinet; Braun, Ranking Member; Schoesler and Van De Wege.

**Minority Report:** Do not pass.

Signed by Senators Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Becker and Wagoner.

**Staff:** Maria Hovde (786-7474)

**Background:** Child Care Collaborative Task Force. In 2018, the Department of Commerce (Commerce) began facilitating this task force to examine the effects of child care affordability and accessibility on the workforce and on businesses. The task force must submit a report with its findings and recommendations on certain topics by November 1, 2019.

Technical Work Group on Compensation for the Child Care Workforce. The 2017-19 operating budget directed the Department of Early Learning, now the Department of Children, Youth, and Families (DCYF), to convene a 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 work group was directed to issue a report with recommendations and an implementation plan by December 1, 2018.

Working Connections Child Care. This federally and state-funded program provides child care subsidies to families with an income at or below 200 percent of the federal poverty level—\$51,500 for a family of four. The state pays part of the cost of childcare when a parent is employed, self-employed, or in approved activities unless the family has received child welfare, child protective, or family assessment response services in the previous six months.

The family is responsible for making a copayment to the child care provider based on the family's countable income.

**Summary of Amended Bill:** Regional Assessment of the Child Care Industry. Commerce must enter into one or more contracts for the development of a regional assessment of the child care industry in Washington to better understand issues affecting child care access and affordability for families. Commerce must collaborate with the Office of Innovation, Alignment, and Accountability within DCYF to ensure efficient use of available data and rigorous research methods and to assist with interpretation of data and report preparation.

Commerce must conduct one or more competitive solicitations to select a third-party entity or entities to conduct the industry assessment in partnership with a statewide organization representing parents. Commerce may use a combination of private and public resources. The assessment must be submitted by July 1, 2020.

The assessment may be developed using existing reports, studies, models, and analysis. At a minimum, the assessment must:

- incorporate current data on the number of children age twelve and under who are receiving care from child care and early learning providers, differentiated by certain categories;
- define and describe the characteristics of the informal child care market;
- identify family child care choices by family income bracket;
- include a visual representation of child care supply and demand by region that identifies areas with the highest need related to child care accessibility and affordability;
- identify trends in the relationship between private pay rates and subsidy rates for child care providers;
- include, to the extent possible, an analysis of the industry's quantitative or qualitative contribution to the state's economy; and
- include a facilities needs assessment to determine the type and number of child care facilities necessary to address unmet capacity needs for high quality child care programs.

State Employee Survey Regarding Child Care. Within existing resources, the Office of Financial Management (OFM), in partnership with the Office of Innovation, Alignment, and Accountability within DCYF and the Health Care Authority, must develop a survey for state executive branch agency employees in order to better understand issues affecting child care access and affordability for their families. The survey must be available by January 15, 2020 and must:

- identify the number of children who are receiving different types of care and whether it is paid in whole or in part with state subsidies;
- allow employees to describe challenges they face in accessing or paying for child care; and
- ask employees to provide their total annual income.

The survey results must be part of the regional assessment of the child care industry.

Child Care Collaborative Task Force. A number of modifications are made to the existing task force:

- adds DCYF as a joint convener of the task force;
- adds that the task force must evaluate the industry assessment;
- adds certain members to the task force, removes others, and makes the legislative members voting members;
- specifies that task force members who are licensed child care providers must be reimbursed for the cost of hiring a substitute;
- provides that members currently serving on the task force may continue to serve without reappointment; and
- extends the duration of the task force.

The task force has the following additional duties:

- develop a child care cost estimate model to determine the full costs providers incur when providing high quality child care;
- consider how the measure of state median income could be used in place of federal poverty level when determining eligibility for child care subsidy;
- evaluate recommendations from the Technical Work Group on Compensation including consideration of pay scale changes, to achieve pay parity with K-12 teachers by January 1, 2025;
- develop a phased implementation plan for certain policy changes to Working Connections Child Care; and
- develop recommendations on specified topics.

The task force must submit its findings, recommendations, and the phased implementation plan by December 1, 2020.

By June 1, 2021, the task force must submit a strategy, timeline, and implementation plan to reach the goal of accessible and affordable child care for all families by the year 2025.

Child Care Subsidy Rates. By January 1, 2025, DCYF must use the child care cost model, developed by the task force, to determine child care subsidy rates.

**Appropriation:** The bill contains a null and void clause requiring specific funding be provided in an omnibus appropriation act.

**Fiscal Note:** Available. New fiscal note requested on March 4, 2019.

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

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

**Staff Summary of Public Testimony on Second Substitute House Bill (Early Learning & K-12 Education):** *The committee recommended a different version of the bill than what was heard.* PRO: Many children are not ready for kindergarten. Child care is early learning and all families should have access to affordable and high quality care. But many families are struggling to find child care and to pay the increasing cost. Infant care costs more than college tuition. This is an economic issue not just a parent issue. There are not enough child

care facilities and this drives up the cost. Child care providers have to balance private pay rates with subsidy rates, which are too low. The private pay rate is increasing to offset the low subsidy rate. Child care educators have low wages especially compared to K-12 teachers. Investments in early learning and child care saves money on the backend such as the cost of juvenile justice programs and college remediation. This bill takes a step toward stabilizing the work force and child care market. This bill lays out a bold vision for increasing access to child care.

**Persons Testifying (Early Learning & K-12 Education):** PRO: Representative Kristine Reeves, Prime Sponsor; Allison Krutsinger, Children's Alliance; Ryan Pricco, Child Care Aware of Washington; Lois Martin, Washington Child Care Association; Kirsten Lance, Owner, City Kids Child Care Development Center and Preschool.

**Persons Signed In To Testify But Not Testifying (Early Learning & K-12 Education):**  
No one.

**Staff Summary of Public Testimony on the Bill as Amended by Early Learning & K-12 Education (Ways & Means):** *The committee recommended a different version of the bill than what was heard.* PRO: The child care industry is very complex; a lot of elements affect it and there are a lot of elements that it affects. Parents are making decisions to stay out of or reduce their schedules in the workforce because they cannot access or afford child care. Children in high quality early learning enter kindergarten ready and we save dollars down the road. This bill will collect data and connect it so that we can make meaningful decisions to get every child in every community accessible and affordable care. We need a truly comprehensive approach to address the issues currently burdening the child care industry. The work outlined in the bill will be focused on finding solutions that are comprehensive and productive. Increasing subsidy rates is important and impactful, yet private pay parents are struggling to pay existing rates and may not be able to meet the rising costs of quality child care. There are new provisions in WAC coming into effect August 1st that will require state level certificates for staff; not equivalent to certificated K-12 teachers but on that path. The child care market is in crisis. We need major, urgent investments to stabilize the market and expand access. This crisis deserves a comprehensive plan; a roadmap to address access, affordability, and compensation focused on the full spectrum of families who need access to affordable child care. This bill is that roadmap. The task force does not have specific companies or organizations we will contract with, but we have used a variety of entities for the data collection efforts. This bill will help to look at how child care is impacting business.

OTHER: We would like to extend the timeframe of the survey from September 1st to January 20th so there is time to prepare, develop, and deploy the survey. We would also like to clarify the definition of state employee so that it is clear which employees are to receive the survey to ensure the data collected will provide what is needed.

**Persons Testifying (Ways & Means):** PRO: Emily Murphy, Children's Alliance; Amy Anderson, Association of Washington Business; Nicole Sohn, Washington Childcare Centers Association; Colleen Condon, Washington Child Centers Association.

OTHER: Robin Vazquez, OFM State Human Resources, Section Chief of Workforce Strategies.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.