

SENATE BILL REPORT

SB 5436

As of February 17, 2019

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

Brief Description: Concerning child care access.

Sponsors: Senators Wilson, C., Frockt, Hasegawa, Hunt, Keiser, Kuderer and Saldaña.

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/28/19, 1/30/19 [DP-WM, w/oRec].

Ways & Means: 2/13/19.

Brief Summary of Bill

- Establishes a child care access work group with specified members and duties.
- Directs the work group to evaluate recommendations regarding child care workforce compensation and develop a phased implementation plan for policy changes to the Working Connections Child Care program.
- Requires the work group to submit its findings and an implementation plan by July 1, 2020.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

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

Signed by Senators Wellman, Chair; Wilson, C., Vice Chair; Hawkins, Ranking Member; Holy, Hunt, McCoy, Padden, Pedersen, Salomon and Wagoner.

Minority Report: That it be referred without recommendation.

Signed by Senator Mullet.

Staff: Ailey Kato (786-7434)

SENATE COMMITTEE ON WAYS & MEANS

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.

Staff: Maria Hovde (786-7474)

Background: 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 work 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.

Authorizations for a Working Connections Child Care (WCCC) subsidy are effective for 12 months. DCYF must manage the program, so the average monthly caseload does not exceed 33,000 households and must give access to the program based on priorities specified in the budget.

Summary of Bill: A Child Care Access Work Group is established with certain members, including legislators, with the following duties:

- develop a regional mechanism to measure the cost of quality used to determine child care subsidy rates;
- consider how the measure of area median income could be used in place of federal poverty level when determining eligibility for a 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; and
- develop a phased implementation plan for policy changes to WCCC.

The Child Care Access Work Group must develop policy recommendations that address certain topics such as:

- endeavor to preserve, increase, and value racial and ethnic equity and diversity in the child care workforce;
- include a salary floor that supports recruitment and retention of a qualified workforce in every early learning setting;
- index salaries for providers against the salary for a typical preschool lead teacher and other positions;
- incentivize advancements in relevant higher education credentials and equivalencies;
- differentiate subsidy rates by region; and
- provide additional compensation to providers serving populations furthest from opportunity.

The phased implementation plan for policy changes to WCCC must focus on initial changes and investments that target support to providers serving children who are underserved and emphasize greater racial equity. The plan must include certain components including:

- increasing program eligibility to 600 percent of the federal poverty level—\$154,500 for a family of four—or 200 hundred percent of the area median income;
- establishing a graduated system of copayments that eliminates the cliff effect for families and limits the amount a family pays for child care to a maximum of 7 percent of the family's income;
- developing a model to enable the state to provide contracted slots to programs serving WCCC families in order to expand access for low-income families;
- eliminating work requirements for families participating in WCCC;
- eliminating the fiscal cap on WCCC enrollment; and
- prioritizing, in the event of a WCCC program waitlist, certain families.

DCYF must provide staff support for the work group. The work group must submit its findings and the implementation plan by July 1, 2020.

Appropriation: None.

Fiscal Note: Requested on January 25, 2019.

Creates Committee/Commission/Task Force that includes Legislative members: Yes.

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

Staff Summary of Public Testimony (Early Learning & K-12 Education): PRO: Washington State is in a child care crisis, especially in rural areas. The cost of child care is more than in-state college tuition, and providers are earning poverty wages. Subsidy rates and provider compensation need to be increased because of the skills that are needed to provide high-quality child care. Because of low subsidy rates, middle-income families are having to pay for the gap. The child care system is broken. Parents have to stay out of the workforce because they cannot afford child care. Child care is important to the overall economy and can increase productivity.

Persons Testifying (Early Learning & K-12 Education): PRO: Senator Claire Wilson, Prime Sponsor; Dru Garson, Grays Harbor Economic Development Council; Emily Murphy, Children's Alliance; Nicole Sohn, Journey Discovery Center; Amanda Cuthbert, Washington Childcare Centers Association; Pauli Owens, SEIU 925; Janna Ryan, citizen; Randi Clark, citizen; Lauren Hipp, MomsRising; Ryan Pricco, Child Care Aware of Washington; John Burbank, Economic Opportunity Institute.

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

Staff Summary of Public Testimony (Ways & Means): PRO: This bill helps address the benefit cliff for families. Costs of child care rivals in-state University of Washington tuition and too many families need to make the choice to leave the workforce as a result. We have a child care workforce shortage as a result of the low compensation levels for child care

employees and affordable child care makes a difference in a family's ability to work and pay for rent. Figuring out how to pay for child care can be a factor in what makes these families slip into a crisis. Families cannot afford to pay more and providers cannot afford to be paid less. Providers in King County who serve subsidized families lose \$788 per month. We need to look at how to pay providers at market level and how those reimbursement rates are set in varying areas of the state. The eligibility cap in the program is \$49,200 for a family of four, yet in King County the federal low-income rate is \$72,000 so a large number of families are unserved in this area.

Persons Testifying (Ways & Means): PRO: Emily Murphy, Children's Alliance; Sarah Brady, Child Care Resources.

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