
Children, Youth & Families Committee

E2SSB 5237

Brief Description: Expanding accessible, affordable child care and early childhood development programs.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Wilson, C., Dhingra, Das, Billig, Conway, Darneille, Hasegawa, Hunt, Keiser, Kuderer, Lias, Lovelett, Nguyen, Nobles, Pedersen, Saldaña and Salomon).

Brief Summary of Engrossed Second Substitute Bill

- Establishes a new account for child care and early learning purposes and includes a nonexhaustive list of spending goals and strategies.
- Expands eligibility and decreases copayments in the Working Connections Child Care Program and expands eligibility in the Early Childhood Education and Assistance Program.
- Provides for increased rates, training, grants, supports, and services for child care and early learning providers.
- Increases supports for families of children from birth to age 3, as well as for their providers.

Hearing Date: 3/18/21

Staff: Lena Brodsky (786-7192).

Background:

Early Learning Advisory Council.

The Early Learning Advisory Council (ELAC) advises the Department of Children, Youth, and Families (DCYF) on statewide early learning issues. The ELAC membership includes

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representatives of state agencies, the Legislature, leaders in early childhood education, and certain stakeholders.

Subsidized Child Care.

Working Connections Child Care (WCCC) is a federally and state-funded program that provides subsidies for child care to families with incomes at or below 200 percent of the federal poverty level (FPL). The state pays part of the cost of child care when a parent is working or participating in approved work-related activities. Depending on income, families may be required to pay a copayment to their provider. Under the DCYF rule, copayments are calculated as follows:

| If income is: | Then the copayment is: |
|---|--|
| At or below 82 percent of the FPL | \$15 |
| Above 82 percent of the FPL up to 137.5 percent of the FPL | \$65 |
| Above 137.5 percent of the FPL through 200 percent of the FPL | The dollar amount is equal to subtracting 137.5 percent of the FPL from countable income, multiplying by 50 percent, then adding \$65. |

The DCYF may not require an applicant or consumer to meet work requirements as a condition of receiving the WCCC benefits when the recipient is a single parent; a full-time student of a community, technical, or tribal college; and pursuing vocational education that leads to a degree or certificate in a specific occupation, not to result in a bachelor's or advanced degree.

The Department of Commerce (COM) administers the Child Care Collaborative Task Force (Task Force). The Task Force was directed to develop a child care estimate model to determine the full costs providers would incur when providing high quality child care. The Task Force began developing the model but was unable to collect financial information from providers as originally planned due to COVID-19.

Early Childhood Education and Assistance Program.

The Early Childhood Education and Assistance Program (ECEAP) is the state's voluntary preschool program. Three to 5-year-old children who are not age-eligible for kindergarten and who are 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 the 2022-23 school year, the ECEAP will become an entitlement for eligible children. The DCYF rules allow children who do not meet the definition of "eligible child" to enroll in the ECEAP, as space is available, if the family income is:

- above 110 percent of the FPL but less than 130 percent of the FPL; or
- above 130 percent of the FPL but less than 200 percent of the FPL if the child meets at least one of the specified risk factors.

The DCYF rules allow children to enroll in the ECEAP, as space is available, when the child is not eligible under RCW 43.216.505 and the child turns age 3 at any time during the school year

when the child has a family income at or below 200 percent of the FPL or meets at least one risk factor and has received services from or participated in:

- the Early Support for Infants and Toddlers (ESIT) program;
- the Early Head Start or a successor federal program; or
- Birth-to-Three ECEAP.

Birth-to-Three Early Childhood Education and Assistance Program.

In 2019 the DCYF was directed to develop a plan for phased implementation of a Birth-to-Three ECEAP pilot project for eligible children under 36 months old. To be eligible, a child's family income must be at or below 130 percent of the FPL.

Infant and Early Childhood Mental Health Consultation.

In 2019 the DCYF was directed to enter into a contractual agreement to hire one qualified mental health consultant for each of the six DCYF-designated regions. The consultants must support Early Achievers (EA) coaches and child care providers by providing resources, information, and guidance regarding challenging behavior and expulsions.

Early Childhood Intervention and Prevention Services Program.

The DCYF administers the Early Childhood Intervention and Prevention (ECLIPSE) program, an early intervention/prevention program delivered by two community-based programs. The ECLIPSE program provides therapeutic child care and other specialized treatment services to families and children from birth to age 5 who are at risk of child abuse and neglect and may be experiencing behavioral health issues due to exposure to toxic stress.

Early Achievers and Provider Support.

The EA program is Washington's Quality Rating and Improvement System for child care and early learning. Participation in the EA program is mandatory for all providers serving non-school-age children, including ECEAP contractors, who accept state subsidy payments. An objective of the EA program is to provide professional development and coaching opportunities to child care and early learning providers.

Income Measures.

Federal poverty guidelines are used to determine financial eligibility for certain programs. For a family of three, the 2021 poverty guideline is \$21,960.

In the National School Lunch Program, students whose families have income at or below 130 percent of the FPL are eligible for free meals. Students whose families have income between 130 percent and 185 percent of the FPL are eligible for reduced-price meals.

The Washington State Department of Social and Health Services publishes a state median income (SMI) chart. For a family of three, the 2021 SMI is \$86,340. For a family of three, 36 percent of the SMI converts to 142 percent of the FPL, and 50 percent of the SMI converts to 197 percent of the FPL.

Legislative Balanced Budget Requirement.

The Legislature must adopt a four-year balanced budget as follows:

- The Legislature must enact a balanced omnibus operating appropriations bill that leaves, in total, a positive ending fund balance in the general fund and related funds.
- The projected maintenance level of the omnibus appropriations bill enacted by the Legislature shall not exceed the available fiscal resources for the next ensuing fiscal biennium.

Related funds means the Washington Opportunity Pathways Account, the Workforce Education Investment Account, and the Education Legacy Trust Account.

Summary of Engrossed Second Substitute Bill:

Fair Start for Kids Account, Spending Goals and Strategies, and Oversight.

The Fair Start for Kids Account (account) is created, and expenditures from the account may be used only for child care and early learning purposes. A nonexhaustive list of spending goals and strategies for the account is specified. The account is added to the definition of related funds, which includes it in the legislative balanced budget requirement.

Early Learning Advisory Council.

The ELAC must:

- assist in policy development and implementation with the overall goal of promoting school readiness for all children;
- provide annual recommendations, beginning August 31, 2022, regarding the phased implementation of strategies and priorities identified in the account, recognizing that capacity must be developed and revenue expanded;
- maintain a focus on racial equity inclusion in order to dismantle systemic racism at its core and contribute to statewide efforts to break the cycle of intergenerational poverty;
- maintain a focus on inclusionary practices for children with disabilities;
- partner with nonprofit organizations to collect and analyze data and measure progress; and
- assist the DCYF in monitoring and ensuring that the investments support certain policy objectives.

In collaboration with the ELAC, the DCYF must consult its advisory groups and stakeholders and submit a biennial report describing how the investments have impacted the policy objectives. The first report is due September 15, 2023.

The ELAC must convene a temporary licensing subcommittee to provide feedback and recommendations on improvement to the statewide licensing process. The subcommittee must:

- examine strategies to increase the number of licensed child care providers;
- develop model policies for licensed child care providers to implement licensing standards;
- develop recommendations regarding incentives and financial supports to help prospective providers; and
- provide feedback and recommendations by December 1, 2022.

Membership of the ELAC is adjusted to add certain representatives, and appointment authority is modified. The ELAC may convene advisory groups, such as a parent caucus, to evaluate specific issues, and the ELAC must annually report its findings and recommendations.

Working Connections Child Care.

Beginning July 1, 2021, a family is eligible for the WCCC program when the household's annual income is at or below 60 percent of the SMI adjusted for family size and the household meets other eligibility requirements. Subject to appropriations, beginning July 1, 2027, a family is eligible when the household's annual income is above 60 percent of the SMI and is at or below 75 percent.

The DCYF must calculate a household's monthly copayment according to a phased-in schedule:

| Beginning date: | If the household's income is: | Then the household's copayment is: |
|------------------------|--|--|
| Beginning July 1, 2021 | at or below 20 percent of the SMI | \$15 or waived to the extent allowable under federal law |
| Beginning July 1, 2021 | above 20 percent and at or below 36 percent of the SMI | \$65 |
| Beginning July 1, 2021 | above 36 percent and at or below 50 percent of the SMI | \$115 |
| Beginning July 1, 2021 | above 50 percent and at or below 60 percent of the SMI | \$165 |
| Beginning July 1, 2027 | above 60 percent and at or below 75 percent of the SMI | \$215 |

Working Connections Child Care Student Parents.

Beginning July 1, 2021, and subject to appropriations, the DCYF may not require an applicant or consumer to meet work requirements as a condition of receiving the WCCC benefits when the applicant or consumer is a full-time student of a community, technical, or tribal college, is in good standing, and is enrolled in:

- a vocational education program that leads to degree or certificate in a specific occupation;
- an associate degree program; or
- a registered apprenticeship program.

Subject to appropriations, the DCYF may extend these provisions to full-time students enrolled in a bachelor degree program or applied baccalaureate program.

Child Care Subsidy Rates.

Beginning July 1, 2021, child care subsidy base rates must achieve the 85th percentile of market for licensed or certified child care providers. Beginning July 1, 2023, child care subsidy base rates must achieve the eighty-fifth percentile of market for providers.

The DCYF must build upon the work of the Child Care Collaborative Task Force to develop and implement a child care cost estimate model and use the completed model to recommend subsidy rates that are sufficient to compensate for the full costs of providing high quality child care.

Nonstandard Hours Care.

By January 1, 2022, the DCYF must develop and submit a rate model for nonstandard child care hours to expand the supply after-hours care.

Early Childhood Education and Assistance Program.

The entitlement for the ECEAP is delayed to the 2026-27 school year. Beginning July 1, 2026, the definition of "eligible child" for purposes of entitlement in the ECEAP is expanded to include a child who:

- has a family with financial need;
- is experiencing homelessness;
- has participated in the:
 - Early Head Start or a successor federal program;
 - ESIT program;
 - Birth-to-Three ECEAP;
 - ECLIPSE program;
- received class C developmental services; or
- is Indian as defined in the DCYF rule and is at or below 100 percent of the SMI.

The term "family with financial need" is defined as families with incomes at or below 36 percent of the SMI until the 2030-31 school year. Beginning in the 2030-31 school year, it means families with incomes at or below 50 percent of the SMI.

The ECEAP enrollment is expanded so that the DCYF is required to adopt rules that allow children who do not meet the definition of "eligible child" to enroll, if space is available, if the family income is above 36 percent but at or below 50 percent of the SMI, and the child meets at least one of specified risk factors. Expanded enrollment ends August 1, 2030.

Early Entry Early Childhood Education and Assistance Program.

The DCYF must adopt rules to allow children to enroll in early ECEAP, as space is available and subject to appropriations, when the child turns age 3, and whose family income is at or below 100 percent of the SMI or meet one of the specified risk factors and has participated in Early Head Start, the ESIT program, the Birth-to-Three ECEAP, or the ECLIPSE program, or received class C developmental services.

Supporting Child Care and Early Learning Providers.

For the 2021-22 school year, the ECEAP rates must be set at a level at least 10 percent higher than the rates established in the 2019-21 operating budget.

Complex Needs Funds. Subject to appropriations, the DCYF must administer, in collaboration with the Office of the Superintendent of Public Instruction, two complex needs funds to promote

inclusive, least restrictive environments and to support contractors and providers serving children who have developmental delays, disabilities, behavioral needs, or other unique needs. One fund must support the ECEAP and the Birth-to-Three ECEAP, and one fund must support child care programs.

Trauma-Informed Care Supports. Beginning July 1, 2022, the DCYF must provide supports to aid eligible providers in providing trauma-informed care. Supports include additional compensation for specialty credentials, professional development and training, screening tools and assessment materials, supportive services, and other related expenses.

Dual Language Rate Enhancement. Beginning July 1, 2022, the DCYF must establish a dual language designation and provide subsidy rate enhancements for child care providers, the ECEAP contractors, or Birth-to-Three ECEAP contractors.

Infant and Early Childhood Mental Health Consultation. Subject to appropriations, the DCYF must administer or contract for these consultation services to child care and early learning providers in the EA program. Beginning July 1, 2021, and subject to appropriations, the DCYF must have or contract for one infant and early childhood mental health coordinator and must enter into a contract with an organization providing EA coaching services to hire at least 12 consultants with at least one for each of six designated regions. The consultants must be placed in regions based on the highest need.

Equity Grants. Subject to appropriations, the DCYF must distribute early childhood equity grants to eligible applicants who may receive a grant once every two years. The DCYF must administer the grants to support inclusive and culturally and linguistically specific programs.

Play and Learn Groups. Subject to appropriations, the DCYF must provide or contract to provide resources and supports for inclusive and culturally and linguistically relevant play and learn groups.

Professional Development. Subject to appropriations, the DCYF must provide professional development supports to aid eligible providers in reaching the professional education and training standards adopted by the DCYF. Professional development supports may include training, EA scholarships, community-based training pathways, and other activities.

Negotiated Rulemaking with Child Care Centers. The DCYF must engage in negotiated rule making with the largest organization representing child care center owners and directors; the largest organization representing supervisors, teachers, and aides; and other affected interests before adopting requirements that affect child care center licensees.

Prenatal-to-Three Supports.

Subject to appropriations, the DCYF must administer a prenatal-to-three family engagement strategy to support expectant parents, babies and toddlers from birth to age 3, and their caregivers.

Subject to appropriations, the Birth-to-Three ECEAP pilot project is made permanent. To be eligible for the program, a child's family income must be at or below 50 percent of the SMI.

Infant Care Rate Enhancement. Beginning July 1, 2022, the DCYF must provide an infant rate enhancement for licensed or certified child care providers and Birth-to-Three ECEAP contractors that are caring for a child from birth to age 11 months.

Early Therapeutic and Preventative Services. Subject to appropriations, the DCYF must administer early therapeutic and preventative services programs, such as ECLIPSE, and other related services for children from birth to age 5 who have been referred by certain people due to risk of child abuse or neglect, exposure to complex trauma, or significant developmental delays.

Subject to appropriations, the DCYF must make all reasonable efforts to deliver the ECLIPSE program statewide. These services must focus first on children and families furthest from opportunity as defined by income and be delivered by programs that emphasize racial equity.

Inflationary Adjustments.

Beginning July 1, 2023, and subject to appropriations, rates paid for the ECEAP, dual language enhancement, Birth-to-Three ECEAP, and infant rate enhancement must be adjusted every two years according to an inflationary increase.

Collective Bargaining Agreements.

Nothing in this act changes the DCYF's responsibility to collectively bargain over mandatory subjects or limits the Legislature's authority to make programmatic modifications to licensed child care and early learning programs consistent with legislative reservation of rights. For child care subsidy rates, the parties should bargain over the implementation of the subsidy rates and apply those rates consistent with the act and the agreement reached between the parties

Employer-Supported Child Care.

Subject to appropriations, the COM, in collaboration with the DCYF, must provide or contract to provide remote or in-person technical assistance to employers interested in supporting their employees' access to high quality child care.

Conforming amendments are made. A statute that appears twice in the code is merged. A federal severability clause is included.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 9, 2021.

Effective Date: The bill contains multiple effective dates.