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**SENATE BILL 5500**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Senators Alvarado, C. Wilson, Trudeau, Valdez, Wellman, Lovelett, Frame, Salomon, Bateman, Hasegawa, Krishnadasan, Nobles, and Saldaña

AN ACT Relating to modernizing reimbursement rates to more accurately reflect the cost of providing high quality child care for the working connections child care program; amending RCW 43.216.828; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The legislature finds that supporting child care is foundational to supporting Washington families and safeguarding a thriving economy. However, for too long, Washington's broken child care system has been upending the lives of working families, kids, and employers. Many Washington families cannot find or afford child care while child care workers earn poverty level wages for their essential work.

(2) The legislature further finds that the state made significant progress with the historic fair start for kids act in 2021, which included a baseline subsidized child care reimbursement rate for child care providers at the 85th percentile of the market, and the state has been making numerous other advancements in recent years. The next step in this progress is updating how the state sets child care subsidy rates to more accurately reflect what it costs to provide quality care, based on the cost of living, including living wages for providers, in order to grow this essential workforce using the cost of quality care rate model. This model is a modernized approach to investing in quality care for families and living wages and benefits for providers, and it was cocreated with child care providers including the early educator design team, additional content experts, and the department of children, youth, and families using a methodology that was preapproved by the federal administration for children and families.

(3) The legislature intends to maintain the current baseline reimbursement rate for subsidized child care providers, but also to require that going forward recommendations for provider reimbursement rates are based on a cost of quality child care rate model. By doing so, the legislature intends to take the next step to fortify the child care infrastructure working families and employers need and deserve.

**Sec.**  RCW 43.216.828 and 2021 c 199 s 301 are each amended to read as follows:

(1) It is the intent of the legislature to systemically increase child care subsidy rates over time until rates are equal to the full cost of providing high quality child care.

(2) ((~~Beginning July 1, 2021, child~~)) Child care subsidy base rates must achieve, at a minimum, the 85th percentile of market for licensed or certified child care providers based on the most recent market rate survey. The state and the exclusive representative for family child care providers must enter into bargaining over the implementation of the subsidy rate increase under this subsection.

(3)(a) ((~~The department shall 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 child care cost model to recommend subsidy rates at levels that are sufficient to compensate licensed or certified child care providers for the full costs of providing high quality child care. The department shall consider:~~

~~(i) Adjusting rates to reflect cost of living such as area median income, cost of living by zip code, and grouping by categories such as rural, suburban, or urban; and~~

~~(ii) Incorporating the rate model for nonstandard child care hours developed under section 306, chapter 199, Laws of 2021.~~

~~(b) The department shall build upon the work of the child care collaborative task force to evaluate options to support access to affordable health care insurance coverage for licensed or certified child care providers~~)) (i) In alignment with (a)(ii) of this subsection, the department must use the cost of quality child care rate model already developed in consultation with child care providers to recommend child care subsidy base rates at levels that are sufficient to compensate licensed or certified child care providers for the costs of providing high quality child care. At a minimum, the cost of quality child care rate model for base rates must include fixed costs on the following factors:

(A) Staff salaries based on a living wage scale;

(B) Benefits, including paid leave, retirement contributions by employers, and expenses related to offering discretionary benefits to staff, such as health and life insurance;

(C) Family engagement activities, staff, or both;

(D) Planning release time;

(E) Costs for educational materials and curriculum; and

(F) Professional development supports.

(ii) Child care subsidy base rates recommended by the department must not be lower than the rate required under subsection (2) of this section.

(b) The department must review and make recommendations on rate enhancements to support special populations such as infants, nonstandard hours, and special needs rates every three years.

(4) This section does not interfere with, impede, or in any way diminish the right of family child care providers to bargain collectively with the state through the exclusive bargaining representatives as provided for under RCW 41.56.028.

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