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**HOUSE BILL 2954**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** Representatives Dent, Kilduff, and Haler

AN ACT Relating to regulatory relief for licensed child care providers; amending RCW 43.216.015, 43.216.065, and 19.85.020; adding a new section to chapter 43.216 RCW; and providing an effective date.

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

**Sec.**  RCW 43.216.015 and 2017 3rd sp.s. c 6 s 101 are each amended to read as follows:

(1)(a) The department of children, youth, and families is created as an executive branch agency. The department is vested with all powers and duties transferred to it under chapter 6, Laws of 2017 3rd sp. sess. and such other powers and duties as may be authorized by law. The vision for the department is that Washington state's children and youth grow up safe and ((~~health-[healthy—]~~)) healthy—thriving physically, emotionally, and academically, nurtured by family and community.

(b) The department, in partnership with state and local agencies, tribes, and communities, shall protect children and youth from harm and promote healthy development with effective, high quality prevention, intervention, and early education services delivered in an equitable manner. An important role for the department shall be to provide preventative services to help secure and preserve families in crisis. The department shall partner with the federally recognized Indian tribes to develop effective services for youth and families while respecting the sovereignty of those tribes and the government-to-government relationship. Nothing in chapter 6, Laws of 2017 3rd sp. sess. alters the duties, requirements, and policies of the federal Indian child welfare act, 25 U.S.C. Secs. 1901 through 1963, as amended, or the Indian child welfare act, chapter 13.38 RCW.

(2) Beginning July 1, 2018, the department must develop definitions for, work plans to address, and metrics to measure the outcomes for children, youth, and families served by the department and must work with state agencies to ensure services for children, youth, and families are science-based, outcome-driven, data-informed, and collaborative.

(3)(a) Beginning July 1, 2018, the department must establish short and long-term population level outcome measure goals, including metrics regarding reducing disparities by family income, race, and ethnicity in each outcome.

(b) The department must report to the legislature on outcome measures, actions taken, progress toward these goals, and plans for the future year, no less than annually, beginning December 1, 2018.

(c) The outcome measures must include, but are not limited to:

(i) Improving child development and school readiness through voluntary, high quality early learning opportunities as measured by: (A) Increasing the number and proportion of children kindergarten-ready as measured by the Washington kindergarten inventory of developing skills (WAKids) assessment including mathematics; (B) increasing the proportion of children in early learning programs that have achieved the level 3 or higher early achievers quality standard; and (C) increasing the available supply of licensed child care in both child care centers and family homes, including providers not receiving state subsidy;

(ii) Preventing child abuse and neglect;

(iii) Improving child and youth safety, permanency, and well-being as measured by: (A) Reducing the number of children entering out-of-home care; (B) reducing a child's length of stay in out-of-home care; (C) reducing maltreatment of youth while in out-of-home care; (D) licensing more foster homes than there are children in foster care; (E) reducing the number of children that reenter out-of-home care within twelve months; (F) increasing the stability of placements for children in out-of-home care; and (G) developing strategies to demonstrate to foster families that their service and involvement is highly valued by the department, as demonstrated by the development of strategies to consult with foster families regarding future placement of a foster child currently placed with a foster family;

(iv) Improving reconciliation of children and youth with their families as measured by: (A) Increasing family reunification; and (B) increasing the number of youth who are reunified with their family of origin;

(v) In collaboration with county juvenile justice programs, improving adolescent outcomes including reducing multisystem involvement and homelessness; and increasing school graduation rates and successful transitions to adulthood for youth involved in the child welfare and juvenile justice systems;

(vi) Reducing future demand for mental health and substance use disorder treatment for youth involved in the child welfare and juvenile justice systems;

(vii) In collaboration with county juvenile justice programs, reducing criminal justice involvement and recidivism as measured by: (A) An increase in the number of youth who successfully complete the terms of diversion or alternative sentencing options; (B) a decrease in the number of youth who commit subsequent crimes; and (C) eliminating the discharge of youth from institutional settings into homelessness; and

(viii) Reducing racial and ethnic disproportionality and disparities in system involvement and across child and youth outcomes in collaboration with other state agencies.

(4) Beginning July 1, 2018, the department must:

(a) Lead ongoing collaborative work to minimize or eliminate systemic barriers to effective, integrated services in collaboration with state agencies serving children, youth, and families;

(b) Identify necessary improvements and updates to statutes relevant to their responsibilities and proposing legislative changes to the governor no less than biennially;

(c) Help create a data-focused environment in which there are aligned outcomes and shared accountability for achieving those outcomes, with shared, real-time data that is accessible to authorized persons interacting with the family, child, or youth to identify what is needed and which services would be effective;

(d) Lead the provision of state services to adolescents, focusing on key transition points for youth, including exiting foster care and institutions, and coordinating with the office of homeless youth prevention and protection programs to address the unique needs of homeless youth; and

(e) Create and annually update a list of the rights and responsibilities of foster parents in partnership with foster parent representatives. The list of foster parent rights and responsibilities must be posted on the department's web site and provided to foster parents in writing at the time of licensure.

(5) The department is accountable to the public. To ensure transparency, beginning December 30, 2018, agency performance data for the services provided by the department, including outcome data for contracted services, must be available to the public, consistent with confidentiality laws, federal protections, and individual rights to privacy. Publicly available data must include budget and funding decisions, performance-based contracting data, including data for contracted services, and performance data on metrics identified in this section. The oversight board for children, youth, and families must work with the secretary and director to develop the most effective and cost-efficient ways to make department data available to the public, including making this data readily available on the department's web site.

(6) The department shall ensure that all new and renewed contracts for services are performance-based.

(7) As used in this section, "performance-based contract" means results-oriented contracting that focuses on the quality or outcomes that tie at least a portion of the contractor's payment, contract extensions, or contract renewals to the achievement of specific measurable performance standards and requirements.

(8) The department must execute all new and renewed contracts for services in accordance with this section and consistent with RCW 74.13B.020. When contracted services are managed through a network administrator or other third party, the department must execute data-sharing agreements with the entities managing the contracts to track provider performance measures. Contracts with network administrators or other third parties must provide the contract administrator the ability to shift resources from one provider to another, to evaluate individual provider performance, to add or delete services in consultation with the department, and to reinvest savings from increased efficiencies into new or improved services in their catchment area. Whenever possible, contractor performance data must be made available to the public, consistent with confidentiality laws and individual rights to privacy.

(9)(a) The oversight board for children, youth, and families shall begin its work and call the first meeting of the board on or after July 1, 2018. The oversight board shall immediately assume the duties of the legislative children's oversight committee, as provided for in RCW 74.13.570 and assume the full functions of the board as provided for in this section by July 1, 2019. The office of innovation, alignment, and accountability shall provide quarterly updates regarding the implementation of the department of children, youth, and families to the board between July 1, 2018, and July 1, 2019.

(b) The ombuds shall establish the oversight board for children, youth, and families. The board is authorized for the purpose of monitoring and ensuring that the department of children, youth, and families achieves the stated outcomes of chapter 6, Laws of 2017 3rd sp. sess., and complies with administrative acts, relevant statutes, rules, and policies pertaining to early learning, juvenile rehabilitation, juvenile justice, and children and family services.

(10)(a) The oversight board for children, youth, and families shall consist of two senators and two representatives from the legislature with one member from each major caucus, one nonvoting representative from the governor's office, one subject matter expert in early learning, one subject matter expert in child welfare, one subject matter expert in juvenile rehabilitation and justice, one subject matter expert in reducing disparities in child outcomes by family income and race and ethnicity, one tribal representative from the west of the crest of the Cascade mountains, one tribal representative from the east of the crest of the Cascade mountains, one current or former foster parent representative, one representative of an organization that advocates for the best interest of the child, one parent stakeholder group representative, one law enforcement representative, one child welfare caseworker representative, one early childhood learning program implementation practitioner, and one judicial representative presiding over child welfare court proceedings or other children's matters.

(b) The senate members of the board shall be appointed by the leaders of the two major caucuses of the senate. The house of representatives members of the board shall be appointed by the leaders of the two major caucuses of the house of representatives. Members shall be appointed before the close of each regular session of the legislature during an odd-numbered year.

(c) The remaining board members shall be nominated by the governor, subject to the approval of the appointed legislators by majority vote of the four legislators, and serve four-year terms.

(11) The oversight board for children, youth, and families has the following powers, which may be exercised by majority vote of the board:

(a) To receive reports of the family and children's ombuds;

(b) To obtain access to all relevant records in the possession of the family and children's ombuds, except as prohibited by law;

(c) ((~~To select its officers and adoption of rules for orderly procedure;~~

~~(d)~~)) To request investigations by the family and children's ombuds of administrative acts;

((~~(e)~~)) (d) To request and receive information, outcome data, documents, materials, and records from the department of children, youth, and families relating to children and family welfare, juvenile rehabilitation, juvenile justice, and early learning;

((~~(f)~~)) (e) To determine whether the department of children, youth, and families is achieving the performance measures;

((~~(g)~~)) (f) If final review is requested by a licensee, to review whether department of children, youth, and families' licensors appropriately and consistently applied agency rules in child care facility licensing compliance agreements as defined in RCW 43.216.395 that do not involve a violation of health and safety standards as defined in RCW 43.216.395 in cases that have already been reviewed by the internal review process described in RCW 43.216.395 with the authority to overturn, change, or uphold such decisions;

((~~(h)~~)) (g) To conduct annual reviews of a sample of department of children, youth, and families contracts for services from a variety of program and service areas to ensure that those contracts are performance-based and to assess the measures included in each contract; and

((~~(i)~~)) (h) Upon receipt of records or data from the family and children's ombuds or the department of children, youth, and families, the oversight board for children, youth, and families is subject to the same confidentiality restrictions as the family and children's ombuds is under RCW 43.06A.050. The provisions of RCW 43.06A.060 also apply to the oversight board for children, youth, and families.

(12) The oversight board for children, youth, and families has the power to select its officers and adopt all rules and regulations for orderly procedure and service delivery. All rules must be approved by a two-thirds vote of the board.

(13) The oversight board for children, youth, and families has general oversight over the performance and policies of the department and shall provide advice and input to the department and the governor.

((~~(13)~~)) (14) The oversight board for children, youth, and families must no less than twice per year convene stakeholder meetings to allow feedback to the board regarding department rule making and regulations, contracting with the department of children, youth, and families, departmental use of local, state, private, and federal funds, and other matters as relating to promulgating rules and carrying out the duties of the department.

((~~(14)~~)) (15) The oversight board for children, youth, and families shall review existing surveys of providers, customers, parent groups, and external services to assess whether the department of children, youth, and families is effectively delivering services, and shall conduct additional surveys as needed to assess whether the department is effectively delivering services.

((~~(15)~~)) (16) The oversight board for children, youth, and families is subject to the open public meetings act, chapter 42.30 RCW.

((~~(16)~~)) (17) Records or information received by the oversight board for children, youth, and families is confidential to the extent permitted by state or federal law. This subsection does not create an exception for records covered by RCW 13.50.100.

((~~(17)~~)) (18) The oversight board for children, youth, and families members shall receive no compensation for their service on the board, but shall be reimbursed for travel expenses incurred while attending meetings of the board when authorized by the board in accordance with RCW 43.03.050 and 43.03.060.

((~~(18)~~)) (19) The oversight board for children, youth, and families shall select, by majority vote, an executive director who shall be the chief administrative officer of the board and shall be responsible for carrying out the policies adopted by the board. The executive director is exempt from the provisions of the state civil service law, chapter 41.06 RCW, and shall serve at the pleasure of the board established in this section.

((~~(19)~~)) (20) The oversight board for children, youth, and families shall maintain a staff not to exceed one full-time equivalent employee. The board-selected executive director of the board is responsible for coordinating staff appointments.

((~~(20)~~)) (21) The oversight board for children, youth, and families shall issue an annual report to the governor and legislature by December 1st of each year with an initial report delivered by December 1, 2019. The report must review the department of children, youth, and families' progress towards meeting stated performance measures and desired performance outcomes, and must also include a review of the department's strategic plan, policies, and rules.

((~~(21)~~)) (22) As used in this section, "department" means the department of children, youth, and families, "director" means the director of the office of innovation, alignment, and accountability, and "secretary" means the secretary of the department.

((~~(22)~~)) (23) The governor must appoint the secretary of the department within thirty days of July 6, 2017.

**Sec.**  RCW 43.216.065 and 2017 3rd sp.s. c 6 s 204 are each amended to read as follows:

(1) In addition to other duties under this chapter, the secretary shall actively participate in a nongovernmental private-public partnership focused on supporting government's investments in early learning and ensuring that every child in the state is prepared to succeed in school and in life. Except for licensing as required by Washington state law and to the extent permitted by federal law, the secretary shall grant waivers from the rules of state agencies for the operation of early learning programs requested by the nongovernmental private-public partnership to allow for flexibility to pursue market-based approaches to achieving the best outcomes for children and families.

(2) In addition to other powers granted to the secretary, the secretary may:

(a) Enter into contracts on behalf of the department to carry out the purposes of this chapter;

(b) Accept gifts, grants, or other funds for the purposes of this chapter; and

(c) Adopt, in accordance with chapter 34.05 RCW and subject to the oversight board's approval under RCW 43.216.015(12), rules necessary to implement this chapter, including rules governing child day care and early learning programs under this chapter. This section does not expand the rule-making authority of the ((~~director~~)) secretary beyond that necessary to implement and administer programs and services existing July 1, 2006, as transferred to the department of early learning under section 501, chapter 265, Laws of 2006. The rule-making authority does not include any authority to set mandatory curriculum or establish what must be taught in child day care centers or by family day care providers.

**Sec.**  RCW 19.85.020 and 2007 c 239 s 2 are each amended to read as follows:

The definitions in this section apply through this chapter unless the context clearly requires otherwise.

(1) "Industry" means all of the businesses in this state in any one four-digit standard industrial classification as published by the United States department of commerce, or the North American industry classification system as published by the executive office of the president and the office of management and budget. However, if the use of a four-digit standard industrial classification or North American industry classification system would result in the release of data that would violate state confidentiality laws, "industry" means all businesses in a three-digit standard industrial classification or the North American industry classification system.

(2) "Minor cost" means a cost per business that is less than three-tenths of one percent of annual revenue or income, or one hundred dollars, whichever is greater, or one percent of annual payroll. However, for the rules of the department of social and health services and department of children, youth, and families, "minor cost" means cost per business that is less than fifty dollars of annual cost per client, provider, or other appropriate unit of service.

(3) "Small business" means any business entity, including a sole proprietorship, corporation, partnership, or other legal entity, that is owned and operated independently from all other businesses, and that has fifty or fewer employees.

(4) "Small business economic impact statement" means a statement meeting the requirements of RCW 19.85.040 prepared by a state agency pursuant to RCW 19.85.030.

NEW SECTION. **Sec.**  A new section is added to chapter 43.216 RCW to read as follows:

(1) By December 1, 2018, within current appropriations, the department shall complete a review of all rules issued by the department and its predecessor department since January 1, 2016, relating to licensed family day care and child care center providers that create potential operational cost increases for licensed child care providers.

(2) The department must report its findings to the legislature by December 1, 2018.

NEW SECTION. **Sec.**  This act takes effect July 1, 2018.

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