

FINAL BILL REPORT

E2SHB 1391

PARTIAL VETO C 369 L 19 Synopsis as Enacted

Brief Description: Implementing improvements to the early achievers program as reviewed and recommended by the joint select committee on the early achievers program.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Senn, Dent, Eslick, Reeves, Pollet and Ortiz-Self).

House Committee on Human Services & Early Learning
House Committee on Appropriations
Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means

Background:

Working Connections Child Care.

Working Connections Child Care (WCCC) is a federally and state-funded program that offers subsidies to child care providers serving families with an income at or below 200 percent of the federal poverty level (FPL). The state pays part of the cost of childcare when a parent is employed, self-employed, or meets the requirements for Temporary Assistance for Needy Families or WorkFirst programs. The family is responsible for making a copayment to the childcare provider.

After receiving WCCC for 12 months, a family may reapply for another 12 months of benefits if the family's income is at or below 220 percent of the FPL. If the family's income is higher than 220 percent of the FPL, the family is no longer eligible for WCCC. This loss of eligibility for benefits due to increased income is sometimes referred to as the "benefits cliff."

Facilities that have infants and toddlers receiving subsidy payments may be eligible for technical assistance through infant-toddler consultation.

Subsidy Rates.

Federal Child Care and Development Fund (CCDF) rules require states to conduct a statistically valid and reliable child care market rate survey every three years. The federal Administration of Children and Families advises states to set child care rates at the seventy-

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.

fifth percentile of the private market rate in order ensure equal access for families with subsidized child care. Licensed family homes and child care centers are paid a full or half-day rate based on the age of the child, region, and setting.

An enhanced special needs rate is provided for children who need a higher level of care in the child care setting. The child must have a verified physical, mental, emotional, or behavioral condition that requires a higher level of care.

Early Childhood Education and Assistance Program.

The Early Childhood Education and Assistance Program (ECEAP) is the state's voluntary preschool program. Three and 4-year-olds 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 2014 the Washington State Institute for Public Policy (WSIPP) conducted a retrospective evaluation of the ECEAP. The WSIPP found that the ECEAP has a positive impact on third, fourth, and fifth grade test scores for participants.

The Department of Children, Youth, and Families (DCYF) has developed a pathway for licensed or certified child care centers and homes to administer the ECEAP. The pathway includes accommodations for these providers to rate at a Level 4 or 5 in the Early Achievers (EA) program in order to qualify as ECEAP providers.

Early Achievers.

The EA program is Washington's Quality Rating and Improvement System for child care and early learning.

The DCYF administers the EA program. The quality of care is assigned a rating on a scale of 1-5, with Level 1 being the minimum requirements for licensing, and Level 5 being the highest possible level of quality. Participation in the EA program is mandatory for all providers serving non-school-age children and accepting state subsidy payments.

Rating Levels and Deadlines.

The EA rating system has a total of 100 possible points that participants can earn. To rate at a Level 3, participants must earn 30-69 points. To rate at a Level 4, participants must earn 70-90 points. To rate at a Level 5, participants must earn 91-100 points.

Providers accepting subsidy must rate at specific levels by certain deadlines, as shown in the table below:

Provider Type		Rating Level Deadlines
Child care provider	Currently accepting subsidy	Level 3 or higher by December 31, 2019.
	Newly enrolled in EA	Level 3 or higher within 30 months of enrollment.
ECEAP provider	Currently providing ECEAP services	Must have rated at a Level 4 or higher by March 1, 2016.

Newly enrolled in EA	Level 4 or higher within 12 months of enrollment.
Child care provider newly enrolled as ECEAP provider	Level 4 or higher within 18 months of the start of the ECEAP contract.

If a child care provider accepting subsidy does not meet the rating deadline, the provider must complete remedial activities and rate at a Level 3 or higher within six months of beginning remedial activities.

Ratings are valid for three years, at which time a provider's rating must be renewed. A provider may request a re-rating outside of the regular rating and renewal cycle. The DCYF may charge a fee for a re-rating.

Provider Reimbursement and Incentives.

Tiered reimbursement: Participants can earn an increase to their subsidy base rate according to EA rating levels. This is referred to as tiered reimbursement. The following percentages are applied to the authorized base subsidy rates according to the rating level and licensed setting:

Increases to subsidy base rates by Early Achievers rating level and provider type		
	Child Care Center	Licensed Family Home
Level 2	2%	2%
Level 3	4%	10%
Level 4	10%	15%
Level 5	15%	20%

Professional development, coaching, and technical assistance: An objective of the EA program is to provide professional development and coaching opportunities to child care and early learning providers. Participants have access to training opportunities and education scholarships and grants to use towards bachelor degrees, associate degrees, and Early Childhood Education certificates.

Each participant is assigned a coach who provides technical assistance and helps the participant prepare for the EA rating process.

Quality Improvement Awards and needs-based grants:

- Quality Improvement Awards (QIA) may be awarded annually to providers. To be eligible, at least 5 percent of the children served by the provider must be receiving subsidy. The QIA must be used toward achievement of quality improvement goals outlined in a quality improvement plan. The QIA range from \$5,000 to \$9,000 for centers, and \$1,000 to \$2,750 for family home providers.
- Needs-based grants are available to assist providers at Level 2 with purchasing curriculum development, instructional materials, supplies, and equipment to improve

program quality. Priority for the needs-based grants must be given to culturally diverse and low-income providers. A child care center may receive up to \$1,000, and a family home child care provider may receive up to \$750.

Child Care Licensing Standards.

The DCYF regulates child care licensing and is responsible for maintaining a set of core competencies for child care and early learning providers. Last year, the DCYF adopted rules to implement a single set of licensing standards. The revised licensing standards are intended to provide minimum health and safety standards for child care and preschool programs, rely on the standards established in the EA program to address quality issues, take into account the separate needs of family care providers and child care centers, and promote the continued safety of child care settings. The licensing standards also include new continuing and higher education requirements for providers.

Joint Select Committee on the Early Achievers Program.

The Legislature established the Joint Select Committee on the EA program (Committee) to review the demand and availability of various types of child care and early learning programs and make recommendations related to the EA program. In January 2019 the Committee issued a final report and adopted recommendations.

Summary:

Rating Levels and Deadlines.

The DCYF must create an intermediate rating level that is between a Level 3 and a Level 4 and serves to assist participants in transitioning to Level 4.

A re-rating must reset the rating cycle timeline for participants. The DCYF must prioritize re-ratings for providers rated at a Level 2 and for providers rated at a Level 3 who are seeking to become ECEAP providers.

Rating deadlines for child care providers are adjusted as follows:

- A child care provider currently accepting subsidy must rate or request to be rated at a Level 3 by December 31, 2019, rather than be rated at a Level 3 by this date. A provider who does not meet this deadline must complete remedial activities and rate at or request to be rated at a Level 3 within 12 months, rather than six months.
- A new child care provider accepting subsidy must rate or request to be rated at a Level 3 within 30 months of enrollment, rather than be rated at a Level 3 by this date.

If a provider does not meet these deadlines, the providers is no longer eligible to receive state subsidy.

Rating requirements for ECEAP providers are adjusted as follows:

- A new ECEAP provider must rate at Level 4 or 5 within 24 months of enrollment rather than 12 months.
- A child care provider who is administering the ECEAP must rate at a Level 4 or 5 within 24 months of the start date of the ECEAP contract, rather than 18 months.
- When an ECEAP in good standing changes classroom locations and moves to a comparable or improved space within the same facility, a re-rating is not required outside of the regular rating cycle.

- When an ECEAP in good standing moves to a new facility, the provider must notify the DCYF of the move within six months in order to retain an existing rating. The EA program must conduct an observational visit to ensure the new classroom space is of comparable or improved environmental quality. If a provider fails to notify the DCYF within six months of the move, the EA rating must be changed to "Participating, Not Yet Rated," and the provider will cease to receive tiered reimbursement incentives until a new rating is completed.

Provider Reimbursement and Incentives.

The DCYF must consider using the intermediate level between Level 3 and 4, incentives, and front-end funding to develop multiple pathways for child care providers interested in providing the ECEAP.

Needs-based grants may be used for environmental improvements of early learning facilities and focused-infant toddler improvements. Needs-based grants are no longer limited to providers rated at a Level 2.

Subject to funds appropriated, the DCYF must:

- eliminate rating scale barriers within the assessment tools and data collection methodologies in the EA program and weight EA points to incentivize infant and toddler care;
- remove barriers to timely approvals for one-on-one behavioral support assistants when requested by a provider; and
- require trauma informed care training for raters and coaches.

Within available funds, the DCYF must:

- consider child care provider schedules and needs and allow flexibility when scheduling data collection and rating visits;
- prioritize re-ratings for providers rated at a Level 2;
- prioritize re-ratings for providers rated at a Level 3 who are seeking to become ECEAP providers; and
- provide continuous and robust post-rating feedback to providers.

Subject to appropriated funds, the DCYF must deliver a progress report by July 1, 2020, and a final report by July 1, 2021, to the Governor and the Legislature that includes:

- an analysis for mitigating the "benefits cliff effect" for child care subsidy consumers. The report must consider how to further develop and implement a sliding scale or tiered reimbursement and phase-out model that works for consumers and providers, whether or not changing the eligibility threshold for the WCCC would allow parents to grow professionally without losing affordable child care, whether further graduation of the copay scale would help alleviate the cliff that occurs at subsidy cutoff, and capping family child care expenses at 7 percent of a family's income;
- recommendations related to differential slot rates for the ECEAP based on variable factors that may contribute to provider costs; and
- a plan for blending CCDF and ECEAP funds to provide extended day ECEAP slots.

By December 1, 2019, and subject to appropriated funds, the DCYF must submit to the Governor and the Legislature:

- a detailed plan to implement a robust cross-accreditation process with multiple pathways that allows a provider to earn equivalent EA credit resulting from accreditation by high quality national organizations; and
- a plan to pay providers an enhanced rate, award additional EA points, and create a corresponding trauma-informed care designation for providers serving behaviorally challenged children.

By December 1, 2019 and within available funds, the DCYF must evaluate options and propose recommendations to the Governor and the Legislature related to paying child care providers a set monthly subsidy rate rather than a daily rate.

Cost of Child Care Regulations Work Group.

A Cost of Child Care Regulations Work Group (Work Group) is established to study:

- financial impacts and benefits of licensing regulations on child care businesses;
- direct and indirect financial costs to child care providers that are associated with participation in the EA program;
- benefits to providers associated with participation in the EA program; and
- available health, safety, and education outcome data for children and families engaged in EA programs.

The study must include an analysis of costs associated with licensing and EA requirements that may have a disproportionate economic impact on child care businesses located in rural areas.

The DCYF must provide staff support to the Work Group. The Work Group must meet at least six times between August 1, 2019 and January 31, 2020, and must convene at least two of the six meetings in Eastern Washington.

Work Group membership consists of:

- three licensed family home child care providers selected by a statewide organization representing the interests of family child care providers. At least one of these providers must provide care for children of agricultural workers, speak Spanish as a first language, or be located in Eastern Washington;
- three licensed child care center providers selected by a statewide organization representing the interests of licensed child care centers. At least one of these providers must provide care for children of agricultural workers, speak Spanish as a first language, or be located in Eastern Washington;
- two foster parents selected by a statewide organization solely focused on supporting foster parents. At least one foster parent must reside in Eastern Washington; and
- four legislators, consisting of two members of the House of Representatives (House) representing each of the two largest caucuses in the House, and two Senators representing each of the two largest caucuses in the Senate.

The Work Group must elect one legislator and one citizen member to serve as co-chairs. The Work Group may seek input and collaborate with other parties, including contracting with additional persons with technical expertise if such expertise is necessary. The Work Group may only enter into such a contract if funding is appropriated for this specific purpose. The

Work Group must submit findings and recommendations to the Governor and the Legislature by May 31, 2020, and expires July 1, 2020.

Other Provisions.

Subject to appropriated funds, the WSIPP must update the outcome evaluation of the ECEAP published in 2014 by examining the short- and long-term impacts on program participants, including high school graduation rates. The evaluation is due by December 31, 2021.

Outdated statutory references are corrected.

Votes on Final Passage:

House	96	0	
Senate	42	3	(Senate amended)
House	93	1	(House concurred)

Effective: July 28, 2019

Partial Veto Summary: The section creating the Cost of Child Care Regulations Work Group was vetoed.