

SENATE BILL REPORT

SB 5506

As Reported by Senate Committee On:
Early Learning & K-12 Education, February 23, 2009

Title: An act relating to child care providers.

Brief Description: Concerning child care providers.

Sponsors: Senators Hatfield, Delvin, McAuliffe, Fairley, King, Kastama, Shin, Murray, Hobbs and Jacobsen.

Brief History:

Committee Activity: Early Learning & K-12 Education: 2/11/09, 2/23/09 [DPS-WM, DNP, w/oRec].

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: That Substitute Senate Bill No. 5506 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Oemig, Vice Chair, K-12; King, Ranking Minority Member; Brandland, Hobbs, Holmquist, Jarrett, McDermott and Tom.

Minority Report: Do not pass.

Signed by Senator McAuliffe, Chair.

Minority Report: That it be referred without recommendation.

Signed by Senator Roach.

Staff: Kimberly Cushing (786-7421)

Background: Working Connections Child Care (WCCC) is the subsidy program that supports low-income working families who make up to 200 percent of the federal poverty level. The Department of Early Learning (DEL) is responsible for the program's policy, which includes adopting rules and maintaining the WCCC manual. The Department of Social and Health Services (DSHS) is responsible for service delivery, which includes determining eligibility and managing payments made to child care providers.

The federal Child Care Development Fund block grant, overseen by DEL, and federal Temporary Assistance to Needy Family funds make up the majority of the funding for

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WCCC. Federal regulations require that Washington State tie child care subsidy rates to the amount that child care providers charge families without subsidies. The subsidy rates for child care centers vary, depending on the region and age of the child.

The Washington Basic Health Plan (BHP) program is designed to provide health care coverage to low-income Washington residents. To be eligible for the BHP subsidized program, members must be at or below 200 percent of the federal poverty level and not eligible for Medicare. There are currently no specialized eligibility categories for which slots are reserved out of the total funded subsidized enrollment.

Summary of Bill (Recommended Substitute): Beginning with the 2019-21 biennium, DSHS must adjust child care subsidies to make them equal to or greater than 75 percent of the actual charges of providing child care in a child care center. The Office of Financial Management must develop a funding plan to increase the subsidy rate beginning implementation with the 2011-13 biennium in order to meet the seventy-fifth percentile requirement by the end of the 2017-19 biennium. If the subsidy is at or above the seventy-fifth percentile on July 1 of any year, the annual adjustment is suspended for that year.

Child care centers must respond to any reporting requirements adopted by DSHS or DEL, including requirements to report attendance or absences of children. However, the amount of the subsidy may not be reduced based on attendance rates. "Child care center" and "child care subsidy" are defined.

Child care centers must distribute age-appropriate educational and parenting information provided by licensors, local resource centers, school districts, and other organizations to parents.

Certain employment information about child care center employees and their dependents is exempt from public inspection and copying, including residential addresses and phone numbers, personal wireless phone numbers, personal e-mail addresses, social security numbers, and emergency contact information.

The Health Care Authority must reserve 10 percent of enrollment slots in the BHP for child care providers working at child care centers that are licensed by the state and have at least one child enrolled that is subsidized by the state.

EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (Recommended Substitute): Delays beginning the subsidy implementation two years until 2011-2013. Continues the gradual funding over eight years until full implementation is reached in the 2019-2021 fiscal biennium.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2009.

Staff Summary of Public Testimony: PRO: If we are going to provide resources for child care providers, we should consider giving money directly to providers. We do not need any new mandates for child care providers. We need a full discussion on child care. We need to cut out the costly, complicated middle man. We cannot afford to take any more money away from child care and divert it to a different organization. There is a huge discrepancy between the child care subsidy rate and the actual cost of child care. The actual cost is twice as much as the subsidy in some areas. In order to stay in business, child care centers have to cut back on the number of state-subsidized children. While centers do not like to turn away these children, the loss has to be made up elsewhere; for example, by price increases for private-paying children, by cutting employees or benefits, or by stopping professional development. YMCAs provide care to a high percentage of subsidized children; while they have not yet had to cut these children, it is only because they can raise additional money as an agency. It is reasonable to gradually increase the subsidy payments over a ten-year period to get to the seventy-fifth percentile.

The bill gives hope for continuing to provide care to subsidized children and possibly increasing such care over time. Continuity of care is important also. When a child misses more than five days in a month, the subsidy is deducted, which affects the revenue of the center. Often the neediest children are the ones with the greatest absentee rates. Even without new funding, removing the five-day absence rule would increase revenue. The bill provides consistent health care insurance, and having privacy protection for personal information is very important. This is the least expensive way to increase quality and expand access to all kids across the state. If some implementation needs to be delayed, it would be supported due to the economic realities. The federal stimulus plan might assist with the cost of the bill.

CON: The issue of health care is a great concern. As business owners, we do not have the funds to cover health care for staff. Offering basic health care to employees is an unstable source.

Additionally, the workers would have to be low income; the hope is to raise workers up so they are not always low income.

Nothing has changed in field in 25 years. We oppose the bill because it hurts small private business owners. The plan for subsidy increases is not a guarantee to raise employee wages. A lot of other programs we had great hope in fell away when the funds were not available.

OTHER: A reduction in funding may be coming to the BHP, so is this a time when you want to be adding additional priorities to the program? The bill creates a category that is different from all other priority statuses. The current language may not allow the Health Care Authority to fill all 10 percent of the slots on a monthly basis.

Persons Testifying: PRO: Senator Hatfield, prime sponsor; Tom Emery, Love and Laughter Learning Center; Ginger Still, Kids World Childcare; Colleen Hill, citizen; Carrie Magel, Washington Childcare United; Deborah Parent, South Sound YMCA; Candi Doran, Little Orcas; Bob Rumero, Yakima Family YMCA; Pam Horst-Rearden, Snohomish County YMCA; Christine Stuffels, Aaron Franco, Seattle YMCA.

CON: Julie Schroath, Creative Kids Learning Center; Diane Gaile, Mariah Collaborative Arts Center.

OTHER: Dennis Martin, Health Care Authority.