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**SECOND SUBSTITUTE HOUSE BILL 1344**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Reeves, Ryu, Sells, Valdez, Goodman, Robinson, Shewmake, Stonier, Macri, Kilduff, Leavitt, and Pollet)

AN ACT Relating to establishing the Washington child care access now act; amending 2018 c 91 s 1 (uncodified); adding new sections to chapter 43.330 RCW; creating new sections; and providing expiration dates.

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

NEW SECTION. **Sec.**  (1) The legislature finds that child care is a sector that is critical to the vitality and economic security of our state and communities and families, and that families in Washington face significant barriers to accessing and affording high quality child care. The legislature finds that Washington's committed caregivers and state investments and advancements in our quality rating and improvement system ensure that quality, culturally relevant child care supports children's healthy development and prepares them for success in school and in life. The legislature recognizes that provider diversity and cultural relevance are fundamental components of quality, and that parent choice is a priority throughout the state's early learning system.

(2) The legislature finds that the cost of quality child care is unaffordable for many families and state support is needed to ensure that all children and families in Washington can access safe, enriching child care.

(3) The legislature recognizes that expanding access to quality child care requires preparing the market of child care providers to meet existing and expanded demand. The legislature finds that the market of child care providers is shrinking, that child care deserts are expanding, and that fewer providers are offering services to working connections child care subsidy recipients. The legislature additionally finds that child care providers are unable to recruit and retain a qualified workforce; that wages in the industry remain among the lowest of all professions, at or near minimum wage; and that the relationship between a child and a qualified caregiver is of paramount importance to parents and, according to a rapidly accumulating body of brain science, is foundational to supporting healthy development.

(4) Further, while the system awaits systemic change, the legislature finds that steps must be taken to begin to preserve and expand access to child care for child care subsidy recipients, stabilize the child care industry, and reduce turnover in the workforce.

(5) Therefore, the legislature intends to promote high quality child care from diverse providers that is accessible and affordable to all families of Washington's children ages birth to twelve.

NEW SECTION. **Sec.**  A new section is added to chapter 43.330 RCW to read as follows:

(1)(a) The department shall enter into one or more contracts for the development of a regional assessment of the child care industry in Washington in order to better understand issues affecting child care access and affordability for families.

(b) The department shall conduct one or more competitive solicitations in accordance with chapter 39.26 RCW to select a third-party entity or entities to conduct the industry assessment in partnership with a statewide organization representing parents. The third-party entity or entities selected by the department through the competitive process must have experience in national industry assessment and expertise in conducting facilities' needs assessments. The statewide organization representing parents must have experience conducting parent listening tours.

(c) The department may use a combination of private and public resources to support activities related to the child care industry assessment conducted under this section.

(2) The industry assessment must be submitted to the appropriate policy and fiscal committees of the legislature, the governor, and the members of the child care collaborative task force established in chapter 91, Laws of 2018 by July 1, 2020. The assessment may be developed using existing reports, studies, models, and analysis related to child care affordability and access. The assessment must, at a minimum:

(a) Incorporate current data on the number of children age twelve and under who are receiving care from child care and early learning providers. The data must differentiate, to the extent possible: Children served by licensed and certified child care centers and family homes; public schools providing preschool and child care programs; private schools providing child care programs; state agencies and other public municipalities providing child care programs; license-exempt providers who care for children for four hours or less per day; family, friend, and neighbor caregivers; nannies and au pairs; religious organizations providing care; entities providing before-and-after school care; employer-supported child care; and other formal and informal networks of care. The data must, to the extent possible, include a breakdown by provider type of the:

(i) Number of children receiving state subsidized care;

(ii) Number of children receiving exclusively private pay care;

(iii) Number of providers who are accepting state subsidy and, for providers who are not accepting subsidy, reasons why not;

(iv) Demographics of children served, including age, race, rates of developmental delays or disability, family income, home language, and population group trends. Demographic information must include military, homeless, and tribal families; and

(v) Demographics of providers, including age, race, family income, home language, number of years providing care, education levels, utilization rates of state assistance, and the number of times a provider has changed locations;

(b) Define and describe the characteristics of the informal child care market, including estimates of the children served in this market by age group;

(c) Identify family child care choices by family income bracket;

(d) Include a visual representation of child care supply and demand by region that identifies areas with the highest need related to child care accessibility and affordability;

(e) Identify trends in the relationship between private pay rates and subsidy rates for child care providers;

(f) Include, to the extent possible, an analysis of the industry's quantitative or qualitative contribution to the state's economy, including:

(i) Employment and wage information for self-employed licensed child care providers and the employees of licensed child care providers, including information about providers accessing public assistance;

(ii) Workforce pipeline data for early learning professions;

(iii) The estimated costs to the state economy of child care inaccessibility, including lost economic activity and reduced tax revenue; and

(iv) Direct and indirect effects on labor participation, workplace productivity, and household earnings of working parents who use child care. The analysis must include information related to the workplace productivity of workers using employer-supported child care; and

(g) Include a facilities needs assessment to determine the type and number of child care facilities necessary to address unmet capacity needs for high quality child care programs such as the early childhood education and assistance program, headstart, working connections child care, and early head start. The needs assessment must include zip code level analysis to identify geographic areas with concentrated barriers to access.

(3) For the purposes of this section, "employer-supported child care" means:

(a) A licensed child care center operated at or near the workplace by an employer for the benefit of employees; or

(b) Financial assistance provided by an employer for licensed child care expenses incurred by an employee.

(4) This section expires December 31, 2020.

**Sec.**  2018 c 91 s 1 (uncodified) is amended to read as follows:

(1) The department of commerce and the department of children, youth, and families shall jointly convene and facilitate a child care collaborative task force to:

(a) Examine the effects of child care affordability and accessibility on the workforce and on businesses; and

(b) Develop policy recommendations pursuant to section 5 of this act. ((~~The director of the department of commerce or his or her designee must convene the first meeting of the task force by September 1, 2018.~~))

(2) The task force shall develop policies and recommendations to incentivize employer-supported child care and improve child care access and affordability for employees. To accomplish its duties, the task force shall evaluate current available data including, but not limited to:

(a) Child care market rate survey reports, including data related to the geographic distribution of licensed child care providers and the demand for, cost, and availability of such providers;

(b) Best practices for employer-supported child care; ((~~and~~))

(c) Research related to the economic and workforce impacts of employee access to high quality, affordable child care; and

(d) The industry assessment conducted pursuant to section 2 of this act.

(3) The governor shall appoint ((~~additional~~)) voting task force members as follows:

(a) Five representatives of private business, including: One representative of a small business; one representative of a medium-sized business; one representative of a large business; and two chamber of commerce representatives, one located east of the crest of the Cascade mountains and one located west of the crest of the Cascade mountains;

(b) One representative from a union representing child care providers;

(c) One representative from the statewide child care resource and referral network;

(d) One representative of an organization representing the interests of licensed child day care centers;

(e) One representative of a statewide nonprofit organization comprised of senior executives of major private sector employers;

(f) One representative of a nongovernmental private-public partnership supporting home visiting service delivery;

(g) One representative of a federally recognized tribe; and

(h) One representative from an association representing business interests.

(4) One representative from each of the following agencies shall serve as a nonvoting member of the task force and provide data and information to the task force upon request:

(a) The department of commerce;

(b) The department of children, youth, and families. The representative from the department of children, youth, and families must have expertise in child care subsidy policy;

(c) The employment security department;

(d) The department of revenue;

(e) The department of social and health services; and

(f) The office of the governor.

(5) The president of the senate shall appoint one member to the task force from each of the two largest caucuses of the senate to serve as nonvoting members of the task force.

(6) The speaker of the house of representatives shall appoint one member to the task force from each of the two largest caucuses in the house of representatives to serve as nonvoting members of the task force.

(7) The governor shall appoint the following nonvoting members:

(a) Three representatives from the child care industry. At least one of the child care industry representatives must be a provider from a rural community. The three representatives must include: One licensed child day care center provider; one licensed family day care provider; and one representative of family, friend, and neighbor child care providers;

(b) Two representatives of economic development organizations, one located east of the crest of the Cascade mountains and one located west of the crest of the Cascade mountains;

(c) ((~~Four representatives of~~)) One representative from each of the following: An advocacy organization((~~s~~)) representing parents, an early learning advocacy organization, a foster care youth advocacy organization, and an organization representing expanded learning opportunity interests;

(d) One representative from an association representing statewide transit interests;

(e) One representative of an institution of higher education; ((~~and~~))

(f) One representative of a nonprofit organization providing training and professional development for family day care providers and family, friend, and neighbor child care providers;

(g) One private school provider representing the Washington federation of independent schools;

(h) One representative of a statewide grassroots advocacy organization representing the interests of parents;

(i) One representative from the child care workforce development technical work group established in chapter 1, Laws of 2017 3rd sp. sess.;

(j) An early learning policy expert;

(k) One representative of a nonprofit public policy center focused on economic opportunity; and

(l) One representative of an organization of early learning providers focused on preserving languages and culture by serving immigrant and refugee communities.

(8) The director of commerce or the secretary of the department of children, youth, and families or ((~~his or her~~)) their designee, may invite additional representatives to participate as nonvoting members of the task force.

(9) The task force chair and vice chair must be elected by a majority vote of voting task force members.

(10) Staff support for the task force must be provided by the department of commerce.

(11) Legislative members of the task force shall be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members shall be reimbursed for travel expenses in accordance with chapter 43.03 RCW.

(12) Licensed family home child care providers and child care center providers serving as members of the task force must be reimbursed for the cost of hiring a substitute for times the provider is away from the child care businesses for official task force travel and meetings.

(13) In accordance with RCW 43.01.036 the task force shall report its initial findings and recommendations pursuant to this section to the governor and the appropriate committees of the legislature by November 1, 2019. The report must include findings related to:

(a) Options for the state to incentivize the provision of:

(i) Employer-supported child care by public and private employers; and

(ii) Back-up child care by public and private employers;

(b) Opportunities for streamlining permitting and licensing requirements to facilitate the development and construction of child care facilities;

(c) Potential tax incentives for private businesses providing employer-supported child care;

(d) A model policy for the establishment of a "bring your infant to work" program for public and private sector employees; and

(e) Policy recommendations that address racial, ethnic, and geographic disparity and disproportionality in service delivery and accessibility to services for families.

((~~(13)~~)) (14) For the purposes of this section:

(a) "Back-up child care" means a temporary child care arrangement that is provided when normal child care arrangements are unavailable.

(b) "Employer-supported child care" includes:

(i) A licensed child care center operated at or near the workplace by an employer for the benefit of employees; or

(ii) Financial assistance provided by an employer for licensed child care expenses incurred by an employee.

((~~(14)~~)) (15) This section expires ((~~December 30, 2019~~)) July 1, 2021.

NEW SECTION. **Sec.**  (1) Members of the child care collaborative task force created by chapter 91, Laws of 2018, and serving on the task force as of January 1, 2019, may continue to serve as members of the task force without reappointment.

(2) This section expires July 1, 2021.

NEW SECTION. **Sec.**  A new section is added to chapter 43.330 RCW to read as follows:

(1) The child care collaborative task force shall:

(a)(i) Develop a child care cost estimate model to determine the full costs providers would incur when providing high quality child care, including recommended teacher-child ratios based on research and best practices. The model must include:

(A) Regional differences;

(B) Employee salaries and benefits;

(C) Enrollment levels;

(D) Facility costs; and

(E) Costs associated with compliance with statutory and regulatory requirements, including quality rating system participation and identify specific costs associated with each level of the rating system and any quality indicators utilized.

(ii) The model must utilize existing data and research available from existing studies and reports.

(iii) The model must consider differentiating subsidy rates by child age and region, evaluate the effectiveness of current child care subsidy region boundaries, and examine alternatives such as zip code level regions or regionalization based on urban, suburban, and rural designations;

(b) Consider how the measure of state median income could be used in place of federal poverty level when determining eligibility for child care subsidy;

(c) Evaluate recommendations from the department of children, youth, and families' technical work group on compensation, including consideration of pay scale changes, to achieve pay parity with K-12 teachers by January 1, 2025. When considering implementation of the technical work group recommendations, the task force shall further develop policy recommendations for the department of children, youth, and families that:

(i) Endeavor to preserve and increase racial and ethnic equity and diversity in the child care workforce and recognize the value of cultural competency and multilingualism;

(ii) Include a salary floor that supports recruitment and retention of a qualified workforce in every early learning setting, determined by an analysis of fields that compete to recruit workers with comparable skills, competencies, and experience of early childhood educators;

(iii) Index salaries for providers against the salary for a typical preschool lead teacher, differentiating base compensation for varying levels of responsibility within the early childhood workplace including consideration of center directors, assistant directors, lead teachers, assistant teachers, paraprofessionals, family child care owners, and family home assistants;

(iv) Incentivize advancements in relevant higher education credentials and credential equivalencies, training, and years of experience, by increasing compensation for each of these, including early learning certificates, associate degrees, bachelor's degrees, master's degrees, and doctoral degrees;

(v) Consider credential equivalencies, including certified demonstration of competencies developed through apprenticeships, peer learning models, community-based training, and other strategies;

(vi) Consider a provider's years of experience in the field and years of experience at his or her current site;

(vii) Differentiate subsidy rates by region; and

(viii) Provide additional targeted investments for providers serving a high proportion of working connections child care families, providers demonstrating additional linguistic or cultural competency, and providers serving populations furthest from opportunity, including:

(A) Families enrolled in the early childhood education and assistance program;

(B) Underserved geographic communities;

(C) Underserved ethnic or linguistic communities;

(D) Underserved age groups such as infants and toddlers; and

(E) Populations with specialized health or educational needs;

(d) Develop a phased implementation plan for policy changes to the working connections child care program. The implementation plan must focus on children and families furthest from opportunity as defined by income and must include recommended targeted supports for providers serving children who are underserved and emphasize greater racial equity. Implementation plan components must include:

(i) Increasing program income eligibility to three hundred percent of the federal poverty level or eighty-five percent of the state median income;

(ii) Establishing a graduated system of copayments that eliminates the cliff effect for families and limits the amount a family pays for child care to a maximum of seven percent of the family's income by January 1, 2025;

(iii) Developing a model to enable the state to provide contracted slots to programs serving working connections child care families in order to expand access for low-income families;

(iv) Eliminating work requirements for student families participating in the working connections child care program; and

(v) Eliminating the fiscal cap on working connections child care enrollment; and

(e) Develop a strategy, timeline, and implementation plan to reach the goal of accessible and affordable child care for all families by the year 2025.

(2) By December 1, 2020, the task force must submit its findings and required implementation plan pursuant to subsection (1)(a) through (d) of this section to the governor and the appropriate committees of the legislature. By June 1, 2021, the task force must submit the strategy, timeline, and implementation plan required by subsection (1)(e) of this section to the governor and the appropriate committees of the legislature.

(3) This section expires July 1, 2021.

NEW SECTION. **Sec.**  (1) By January 1, 2025, the department of children, youth, and families must use the child care cost model developed under section 5 of this act to determine child care subsidy rates.

(2) This section expires January 30, 2025.

NEW SECTION. **Sec.**  Section 3 of this act is added to chapter 43.330 RCW.

NEW SECTION. **Sec.**  This act may be known and cited as the Washington child care access now act.

NEW SECTION. **Sec.**  If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2019, in the omnibus appropriations act, this act is null and void.

**--- END ---**