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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

Read first time 01/27/25. Referred to Committee on Early Learning & K-12 Education.

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

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

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

13 (2) The legislature further finds that the state made significant  
14 progress with the historic fair start for kids act in 2021, which  
15 included a baseline subsidized child care reimbursement rate for  
16 child care providers at the 85th percentile of the market, and the  
17 state has been making numerous other advancements in recent years.  
18 The next step in this progress is updating how the state sets child  
19 care subsidy rates to more accurately reflect what it costs to  
20 provide quality care, based on the cost of living, including living  
21 wages for providers, in order to grow this essential workforce using

1 the cost of quality care rate model. This model is a modernized  
2 approach to investing in quality care for families and living wages  
3 and benefits for providers, and it was cocreated with child care  
4 providers including the early educator design team, additional  
5 content experts, and the department of children, youth, and families  
6 using a methodology that was preapproved by the federal  
7 administration for children and families.

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

15 **Sec. 2.** RCW 43.216.828 and 2021 c 199 s 301 are each amended to  
16 read as follows:

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

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

26 (3) (a) (~~The department shall build upon the work of the child~~  
27 ~~care collaborative task force to develop and implement a child care~~  
28 ~~cost estimate model and use the completed child care cost model to~~  
29 ~~recommend subsidy rates at levels that are sufficient to compensate~~  
30 ~~licensed or certified child care providers for the full costs of~~  
31 ~~providing high quality child care. The department shall consider:~~

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

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

37 ~~(b) The department shall build upon the work of the child care~~  
38 ~~collaborative task force to evaluate options to support access to~~  
39 ~~affordable health care insurance coverage for licensed or certified~~

1 ~~child care providers))~~ (i) In alignment with (a)(ii) of this  
2 subsection, the department must use the cost of quality child care  
3 rate model already developed in consultation with child care  
4 providers to recommend child care subsidy base rates at levels that  
5 are sufficient to compensate licensed or certified child care  
6 providers for the costs of providing high quality child care. At a  
7 minimum, the cost of quality child care rate model for base rates  
8 must include fixed costs on the following factors:

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

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

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

14 (D) Planning release time;

15 (E) Costs for educational materials and curriculum; and

16 (F) Professional development supports.

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

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

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

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