



The Washington State Child Care Experience Since 1996:

Implications for Federal and State Policy

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Executive Summary

Washington has a long history of thinking holistically about developing quality child care, and out-of-school time systems, and providing services for all families in the state. This includes providing a good safety net of child care subsidies for low-income families, even before welfare reform in 1996. Washington's child care system has grown and improved through collaboration, systems thinking, the existence of strong advocacy and intermediary organizations, and bipartisan legislative support. WorkFirst, Washington's welfare reform program, has seen caseload declines of 44% from early 1997 to mid-2000. Until the last several months, Washington enjoyed a strong economy and a high rate of population growth over the last five years.

Funding for Child Care: Substantial Gains Vulnerable to Economic Downturn

Funding for child care services in Washington has quadrupled from fiscal year 1996 to fiscal year 2001. During that same time period, the state's population of children under age 13 remained constant. Washington has committed ever increasing amounts of its federal and state dollars to enhance the quality, affordability and availability of child care and out-of-school time services. This growth in child care services and quality activities over the past five years has been directly related to Temporary Assistance for Needy Families (TANF) expenditures on child care. Half of all current TANF dollars are used for child care. As a result, funding for child care services would be extremely vulnerable if TANF caseloads go up (which they have begun to do in 2001) or if the federal reauthorization process results in fewer TANF dollars available to Washington State. Decreases in the availability of TANF funds for child care services could result in child care subsidy waiting lists, a reduction in the eligibility level for subsidies and a decrease in the amount of investments in quality related services above the required minimum 4% of the federal mandatory, matching and discretionary as well as state matching funds of the Child Care and Development Fund.

The State has used TANF funds to drive a number of major efforts to expand and improve the child care system, including:

- Expanding the number of children served by increasing income eligibility from 175% FPL (49% SMI) to 225% FPL (64% SMI);
- Dedicating funds for building capacity in infant, toddler, children with special needs, school-age and non-traditional hour care;
- Providing scholarships to child care providers for professional development activities; and
- Implementing increased compensation for center employees based on education and experience.

Although significant progress has been made in Washington to support the quality, affordability and availability of child care and out-of-school time services, Washington has a fragile system that is vulnerable to funding instability, taxpayer resistance to government spending, a downturn in the economy, the inability of many families to obtain affordable quality care, and an underpaid and undertrained workforce with extremely high turnover rates.

Unmet Need Remains High Although Increasing Numbers of Families are Served

Washington has an integrated child care subsidy program for all eligible families—TANF and non-TANF alike. This approach, along with increased resources and policy decisions such as raising the eligibility level to 225% FPL (64% SMI), has resulted in a 71% increase in the number of children receiving subsidies from

State fiscal year (SFY) 1996 to SFY 2001. The number of families receiving subsidies increased 60% in the same time period. In those five years, the mix of subsidy program participants has shifted markedly from nearly equivalent numbers of TANF and non-TANF families to a current mix with about two-thirds non-TANF families. A growing proportion of children in licensed child care is receiving subsidies.

Despite the growing number of families receiving subsidies, only 19% of eligible families receive subsidies. The following reasons are cited for eligible families not receiving subsidies:

- use of family, friends or neighbors for care,
- lack of information about subsidies,
- difficulties with high co-payments,
- too much hassle, and
- reluctance or fear to use government services for cultural reasons.

Low and moderate-income families not eligible for subsidies often have a difficult time affording quality, licensed care and are choosing less costly options that sometimes leave children home alone or in the care of older siblings who are still minors themselves.

Subsidies Do Not Assure Equal Access to Quality Child Care

Subsidy rates in Washington are falling farther behind market rates, and fall far short of approaching the true cost of care. Subsidy reimbursement rates will be between the 52nd and the 58th percentile of the 2000 market rates in January 2002—a marked decline from the 75th percentile a few years ago. As a result, caregivers who accept child care subsidies are increasingly subsidizing the system themselves through their own low wages. Although a significant portion of centers and family child care homes indicate they accept families with subsidies, most of them limit the number of subsidized children they will accept.

The inadequate supply of some types of care has been highlighted by the consistently growing population in Washington State coupled with the demands of welfare reform. Aggressive capacity-building efforts have headed off some of these problems, although infant care, care in rural communities, care for children with special needs, school-age care, and care during non-traditional hours are still often very difficult to find. Increasingly, parents' choice of child care is complicated or constrained by language barriers between parents and providers and/or the lack of providers offering culturally sensitive programs that respect cultural or religious beliefs of families.

Quality Initiatives Create Effective Models; Implementation is not Widespread

Washington's quality initiatives are widely viewed as very successful, innovative and encouraging signs of the ability to make progress on difficult and challenging issues within the child care system. Accomplishments include the creation of a mandatory entry and annual training requirement for licensed caregivers; a comprehensive statewide resource and referral system serving families, providers and communities; partnerships that help providers successfully meet health and safety standards and improve the health and well-being of the children and families they serve; providing extra support for families who have children with special needs; and planning for innovated long-term financing strategies. However, all of them need stable, sustained funding and some are seriously underfunded now. Other programs need to be added as models prove effective and as new ideas arise. We must fund system-wide services to meet the diverse needs of the caregivers in their broadening family support role. The mix of quality initiatives needs to continue to bolster the creation of an effective child care system for all of the children living in Washington State.

Washington has taken innovative and effective steps in the last five years to support a professional development system for caregivers that includes training and wage progression opportunities intended to improve quality and reduce high staff turnover levels. These successful efforts have shown that progress is possible within the existing constraints. Yet they highlight the difficulties of operating in a system that is largely underfinanced and tries to survive by patching together solutions that constantly bump up against the reality of the true cost of quality care.

Conclusions

Families and policymakers have vigorously demonstrated that affordable, quality child care is of great value to children, to working families, to our educational system, to our economy and to our communities. Welfare reform opened a window on the importance of child care during a period when new brain research, an expanding economy, changing demographics, increasing concerns over the well-being of children, and education reform shed additional spotlights on how our state and country support and care for children during the most important years of their social, emotional, intellectual and physical development. New awareness of the widespread benefits of quality child care and out-of-school time care led Washington, and many other states, to improve child care systems using discretionary funds available through reduced TANF caseloads. This commitment of TANF resources is a powerful recognition of the importance of child care to working families and to the success of welfare reform.

All of this good work hangs in the balance now as Washington State faces mounting budget shortfalls, rising unemployment and ever increasing costs of providing essential public services. Congress and Washington State must choose the policy path which maintains the gains made in child care, supports models which demonstrate effective ways to do more and do it better, and moves toward a comprehensive child care system with an adequate and stable financing system to provide strong undergirdings to locally-driven, effective responses to children, family and community needs.

Recommendations for Washington State and Congress for CCDF and TANF Reauthorization

GUIDING PRINCIPLES

- Child care policies must place the well-being of the child as the focus supporting overall healthy child development, school readiness and safe environments.
- Child care policies should support families to find and retain employment.
- Comprehensive approach to child care services should be encouraged.

Recommendations	Congress	Washington
Increase CCDF funding to respond to constituencies nationally and statewide which have vigorously sought increased investments in child care.	×	
Maintain or expand TANF funding to continue incentives for states to make progress on welfare reform in the face of economic downturns, and to support the willingness of states to accept responsibilities under the block grant mechanism (which provides spending protection to the federal government while providing flexibility to states).	×	
Maintain states' current flexible access to TANF funding for child care services.	×	
Maintain maximum flexibility in use of CCDF and TANF funds by states.	×	
Establish a new format for setting reimbursement rates for caregivers based on the True Cost of Care. Failing that option, Congress should reinstate the requirement for states to pay at a minimum percentile of the market rate. Make that minimum the 80 th percentile.	×	
Provide resources to design and implement a new structure for financing the early childhood and out-of-school time systems, with a 10-year, system-wide focus.	×	×
Increase the amount and effectiveness of the minimum 4% quality set-aside, by providing sufficient resources and stability to ensure quality care for families across all income levels (raise the min. level from 4% to 16%).	×	×
Improve access to and acceptance of subsidies by: <ul style="list-style-type: none"> • Raising eligibility limits; • Revising co-payments so they do not exceed 10% of family income; • Removing other barriers to families while maintaining the commitment to parental choice and equal access. 	×	×
Support capacity building for providers/caregivers and facility improvements or enhancements.	×	×
Provide resources and/or incentives for wage progression and other compensation for caregivers.	×	×
Simplify federal reporting requirements.	×	
Increase child care subsidy outreach efforts to eligible families through existing outlets like Child Profile.		×
Improve the quality of licensed exempt options to enhance parental choice and to improve the quality of this type of care.	×	×
Value higher education and work as equal for TANF participation, and expand vocational education allowed from 1 year to 2 years.	×	×
Exempt mothers of infants birth through 12 months from TANF work requirements.	×	×

Overview of Washington State Child Care Subsidy Program

Topic	Description for Washington State
Number of children served	23,000 per month; 145,000 per year (unduplicated); based on estimates for FY 2001 (7/1/00 to 6/30/01).
Eligibility limits	225% of Federal Poverty Level (FPL), which equates to 64% of State Median Income (SMI) for a family of three.
Co-payments	<p>Minimum co-payment is \$10 per month when family income is below 82% of FPL (23% SMI).</p> <p>From 82% up to 137.5% FPL, the co-payment amount is \$20 per month (23 to 39% of SMI).</p> <p>Above 137.5% FPL (39% of SMI), the co-payment is 44% of the income over 137.5% FPL, plus \$20.</p>
Reimbursement rates	<p>Reimbursement rates will reflect the 2000 market rate survey and will be phased in as children are reauthorized beginning January 2002. Rates are expected to represent between the 52nd and the 58th percentile of the 2000 market survey rates. Rates are now determined based on vendor rate increases—the amount applied to various entities and individuals from whom the State purchases services. Survey information, therefore, only provides information, but does not drive the level of reimbursement rates.</p> <p>Enhancements for special needs care is based either on a flat rate or on a negotiated rate specific to cover the costs to the provider for providing care above and beyond care for normally developing children.</p> <p>Non-standard hours care enhancement rates are a flat monthly additional amount which varies by region from \$73-\$108.</p> <p>One-time bonus of \$250 each time an infant is enrolled.</p>
Priority for TANF	<p>No, see below.</p> <p>There is no waiting list.</p>
Priority for TANF leavers	<p>No, see below.</p> <p>There is no waiting list.</p>
Seamless system of eligibility	Yes; we have an integrated subsidy program (Working Connections Child Care) for all families except a very small percentage under the seasonal and homeless child care programs.

There is no waiting list (except occasionally on the small seasonal subsidy program).

Agency that runs program

Division of Child Care and Early Learning within Economic Services Administration within the Department of Social and Health Services.

Relationship between state agency and resource and referral (R&R) organizations

State agency contracts with both the statewide Washington State Child Care Resource & Referral Network and the 18 community-based R&R programs. The State funds the R&Rs to provide comprehensive services including consumer education, referrals and other supports for families seeking care; recruitment and retention of caregivers; community building; and child care supply and demand state collection and analysis.

I. Funding for Child Care: Substantial Gains Vulnerable to Economic Downturn

Most growth due to federal TANF funds. Funding for child care services in Washington State has quadrupled from State Fiscal Year (SFY) 1996 to SFY 2001. During that same time period, the state's population of children under age 13 remained constant. Washington has committed ever-increasing amounts of its federal and state dollars to enhance the quality, affordability and availability of child care and out-of-school time services. This growth in services and quality activities over the past five years has been **directly** related to Temporary Assistance for Needy Families (TANF) expenditures on child care. In fact, the Department of Social and Health Services, Division of Child Care and Early Learning estimates that approximately 50% of the current TANF dollars coming into Washington State are used for child care. As a result, funding for child care services would be **extremely** vulnerable if TANF caseloads go up (which they have begun to do in 2001) or if the federal reauthorization process results in fewer TANF dollars available to Washington State.

Decreases in the availability of TANF funds for child care services could result in child care subsidy waiting lists, a reduction in the eligibility level for subsidies and a decrease in the amount of investments in quality related services above the minimum 4% required.

Washington Department of Social and Health Services Economic Services Administration-Child Care Spending^(a)

	State Fiscal Year 1996 ^(b)	State Fiscal Year 2001 ^(c)
State	\$34,485,350	\$5,207
Title IV-A Child Care	\$35,515,306	
Social Services Block Grant	\$856	\$236,790
CCDF Mandatory		\$41,904,100
CCDF MOE		\$33,969,707
TANF Transfer		\$116,631,170
CCDF Federal Matching		\$16,131,526
CCDF State Matching		\$15,478,645
TANF Direct Spend		\$58,614,332
	\$70,001,512	\$282,971,477

WA State Department of Social and Health Services

^(a) Employment Child Care Subsidy (IV-A) was in Children's Administration in FY 96, but in ESA in FY 01.

^(b) Includes Employment (AFDC Employed), Transitional, and JOBS child care.

^(c) The accounting records for State Fiscal Year 2001 are not yet closed. Adjustments may yet occur to the numbers shown above. The numbers shown here are the current estimate of child care spending/funding in the Economic Services Administration for State Fiscal Year 2001.

Proportion of state dollars shrinking. With federal welfare reform (PRWORA), Washington State received an increase in both the amount and flexibility of federal dollars. This led to a reduction in the percentage of state dollars and an increase in the percentage of federal dollars dedicated to child care issues. The State has always met its Child Care and Development Fund (CCDF) Maintenance of Effort (MOE) requirement and has continued to offer more subsidies and better quality services overall. However, while the amount of state dollars has increased over time, the increases in state dollars have not proportionally kept up with the increase in federal dollars.¹ Washington is especially dependent on federal dollars to maintain its child care quality expenditures.

As noted below, Washington State's budget has been severely constrained by a series of tax and spending reform initiatives passed by voters. Increased federal dollars available to backfill state shortages have saved child care from suffering the constant deterioration in the funding safety net and infrastructure supports over the last few years that have been experienced by other social service areas in the state. For example, the federal CCDF earmarks for infant/toddler and quality enhancement were instrumental in closing the gap in several key areas of the service delivery system. In 2001, child care was spared deep cuts because new federal CCDF child care quality dollars were used to continue funding subsidies without waiting lists so that the TANF dollars formerly supporting those subsidies could be used for other TANF-related programs, which had no other means of support. Without these additional resources, many of Washington's most successful programs would simply not have been created.

Funding streams extremely unstable. The current mix of funding streams is extremely unstable, for three major reasons:

1. The federal share is subject to annual appropriation (and reauthorization in 2002).
2. TANF under-expenditure available for redirection into child care-related programs (affected by worsening economy and increases in TANF caseloads) is unpredictable.
3. The state funds are at the mercy of the health of the state general fund, which is controlled by taxpayer-imposed spending caps and other legal, political and economic limitations which are expected to worsen.

Threats seen in the future. Child care spending has consistently increased since 1996, although the trend slowed in 2001. For example, Washington State's share (\$13 million) of the \$817 million increase in the CCDF was not "felt" in local child care communities because it was used to "free up" TANF funds previously dedicated to keeping subsidy rates at reasonable levels so that, in turn, TANF-related deficits could be plugged. Had the new federal CCDF dollars not become available, significant cuts to child care programs would have occurred in order to enable the shift of TANF dollars to cover non-child care TANF-related deficits. In addition, recent increases in federal dollars which require state match occurred during the middle of Washington's biennial budget cycle, eliminating the state's ability to provide match funds in its budget process. As a result, Washington is scrambling to pull down all available federal money.

The terrorist attacks on September 11th had an immediate and direct impact on the Washington State economy and on the state budget. The severe decline in stock prices impacted a significant number of Washington businesses, which has resulted in layoffs and reduced business spending. Boeing, in particular, plans to lay off 30,000 workers, at least 20,000 of whom are in Washington State. Consumer confidence is down, so consumer spending has slowed dramatically. Since Washington State does not have an income tax, any such reduction in sales tax collections results in loss of income to the State. In addition, voters just passed the fourth tax reduction/limitation initiative in a row. This newest one, a property tax limit, will cost the state approximately \$34 million this biennium alone.

¹ Washington State Department of Social and Health Services, Division of Child Care and Early Learning.

The latest revenue forecasts indicate that a loss of approximately \$1 billion dollars is anticipated by the end of the biennium (June 30, 2003). As a result, Governor Locke asked many state agencies to put forth proposed cuts of 15% from their agency budgets.

The Department of Social and Health Services, Division of Child Care and Early Learning, administers the federal CCDF and TANF dollars. Since the bulk of the Division's budget is federal, we anticipated that the Division of Child Care and Early Learning would avoid the cuts, however this was not the case. In order to meet the Governor's request, the Division offered to eliminate all non-mandatory state match, resulting in a savings to the State General Fund of \$8.8 million. This would result in the loss of almost \$9 million in federal CCDF matching funds, bringing the total impact to the child care system and the families it serves to over \$17 million. According to the Department of Social and Health Services, these options would result in the following:

1. Decreasing the eligibility for Working Connections Child Care from 225% of the Federal Poverty Level (FPL) to 200% FPL;
2. Increasing the subsidy co-pay structure above 137.5% FPL from 44% to 53% of each additional income dollar; and
3. Eliminate or severely reduce most contracts with community-based entities to provide
 - Quality enhancement,
 - Child care resource and referral services,
 - Provider recruitment and retention,
 - Caregiver and parent training and technical assistance, and
 - Healthy Child Care Washington activities.

In other words, a dramatic drop in revenue would force the State to make tough decisions. If they decide to adopt these cuts to child care, virtually **ALL** of the progress made since the initial implementation of the federal CCDBG in 1990 could be lost. Most of the programs described in Section IV of this report would be eliminated or reduced by 45%.

In addition, in late November 2001 it became clear that a growing increase in the usage of child care subsidies has led to an over-expenditure of available welfare and child care dollars. It is projected that there will be a shortfall of between \$35 and \$45 million dollars in the **current** biennial budget (July 2001-June 2003), which must be plugged.

Governor Gary Locke released his Supplemental Budget proposal in mid-December 2001. There were no major cuts to child care reflected in the budget. However, it is widely believed that child care escaped this set of budget cuts, which must go through the legislative process because child care will be taking massive cuts through a different venue. Governor Locke is currently considering significant cuts to child care expenditures out of what is termed the "Welfare Box". This represents all TANF, CCDF, State and other welfare related dollars. The Legislature has historically allowed the Governor broad flexibility in deciding how the funds in the Welfare Box are spent. During times of prosperity, this flexibility has resulted in many notably creative and effective projects being funded. Now, as we face more austere times, the Governor must make tough decisions and may cut key child care-related programs.

Primary factors driving child care funding in Washington

The amount, type, and uses of child care funding in Washington from 1996 to 2001 are a result of a complex mix of federal and state policy decisions, advocacy and other factors. Despite political shifts and

voter initiatives to limit state spending, child care spending in Washington increased significantly over the past five years through legislative and discretionary executive-level actions. As noted above, the situation for 2002 is expected to change significantly, with national and state economic downturns forcing major shifts in decision-making processes. Listed below are the factors that influenced decisions from 1996 to 2001. While we expect many of them will continue to influence decisions, the new economic realities will likely play a much larger role.

Forces supporting adequate funding between 1996 and 2001

- Increased federal funds, especially TANF funds available for child care.
- A good economy, which has supported TANF leavers.
- Flexibility provided to the state under the block grant format to implement innovative and creative approaches to systemic challenges.
- Sound fiscal leadership: Governor Booth Gardner (1985 - 1993), Governor Mike Lowry (1993-1997), and Governor Gary Locke (1997-present) were able to exercise policy and fiscal leadership through administrative decisions.
- Consistent and strong commitment on the part of the governors and the legislature to fund child care subsidies at a level which erases waiting lists.
- Bi-partisan support, by and large, in the legislature since the need for quality, affordable child care is something shared by constituents of both parties.
- United and vocal child care advocacy community, which has been extremely successful in partnering with the last three governors' administrations to move its policy agenda and dedicate new federal resources into child care programs.
- Well-educated and savvy legislative and administrative staff people.
- Long and successful history of collaboration and partnership among the state and community advocates.

Forces working against adequate funding

- Lack of public understanding of the true cost and value of providing quality child care services, and the effect that the lack of such services has on a child's educational and social development, and on a family's well-being—especially their ability to find and retain employment.
- Lack of resources and political will to fully engage the comprehensive reforms of the child care system planned to address major issues such as wage levels of workers, turnover, and overall quality of programs.
- Several tax and spending reform initiatives passed by voters via the state's active ballot initiative process, which are seriously straining and limiting resources. Washington State has cut spending in order to fund these tax cuts. (See box).
- Shifts of power in the state legislature, from Democrats to Republicans and back again, with an evenly divided House (49-49) with shared leadership, through the 1990s—which lead to political gridlock and lack of strong policy leadership in the legislature.

Washington Tax and Spending Initiatives: Affect on Child Care Funding

The first major voter initiative, Initiative 601, took effect in 1993. I-601 rolled back existing spending levels and set state spending limits with minimal growth adjustments over time. Over time, the spending cap has severely hampered the Legislature's ability to increase spending on existing child care programs. The second, Initiative 695, took effect in 1999. I-695 was a tax reform measure targeting the state's high annual vehicle registration fees.

The impact of I-601 and I-695 over time, as well as two new big-dollar K-12 education initiatives which passed in 2000, have had an intensely negative influence on the state's current biennial budget (2001-2003) process. If not for the tax reductions, the state would have had an additional \$2.4 billion to spend in the current biennium.² On November 5, 2001, Washingtonians passed yet another tax limiting initiative (I-747), which freezes property taxes and allows for no more than a 1% increase each year without a vote of the people. This will have a dramatic impact on local government budgets, and as a result, will impact the State's budget by \$34 million and will affect state spending decisions.

² Washington State Office of Financial Management.

II. Unmet Need Remains High Although Increasing Numbers of Families Are Served

Number of Children and Families Served by Child Care Subsidy Programs in Washington: SFY 96 to SFY 01³

All child care subsidy programs*	FY 96***	FY 00***	Est FY 01***
# Children served per month	38,982	67,437	73,000
# Children per year**	84,676	133,589	145,000
# Families served per month	23,988	38,982	42,000
# Families per year*	51,830	75,528	83,000

*Roughly 85% of the subsidized population is participating in Working Connections Child Care. The remaining 15% is accessing other child care subsidies: homeless, teen parent, seasonal and child protective services.

**Children and families per year are annual unduplications; that is, if more than one service is received in the year, the child or family is counted only one time.

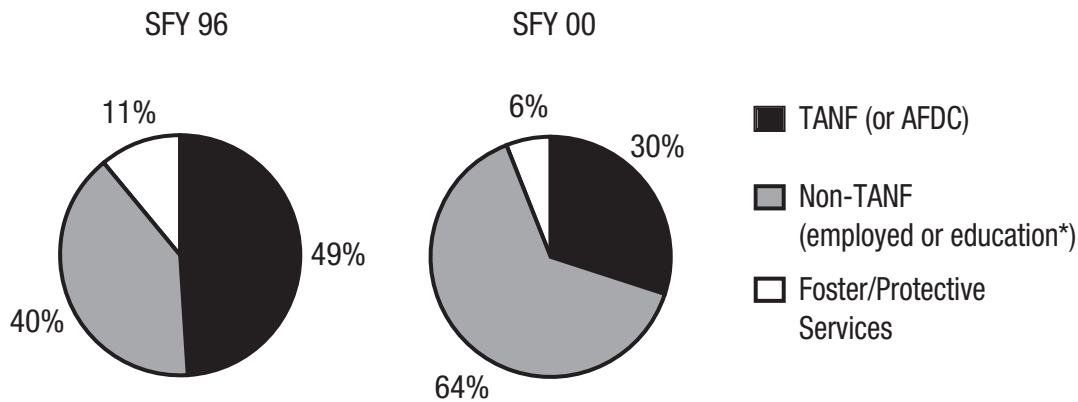
***Washington's Fiscal Calendar runs from July through June. Hence, FY00 ended June 30, 2000.

Non-TANF families now represent two-thirds of families served by child care programs. Since 1996, the mix of subsidy program participants has shifted markedly from nearly equivalent numbers of TANF families and non-TANF families in 1996 immediately following welfare reform, to a mix now dominated by non-TANF families. This shift is due mainly to an increase in the number of non-TANF families being served by the subsidy programs. Increased numbers of non-TANF families are receiving subsidies both because so many TANF families have left the welfare rolls and because Washington raised its income eligibility level for subsidies to 225% FPL, which equates to approximately 64% of State Median Income (SMI) for a family of three.

Persons who leave TANF because of employment are eligible for child care subsidies like all low-income working parents. Washington has an integrated child care subsidy program (Working Connections Child Care) for all eligible families without regard to their TANF status. At this point, there are no waiting lists.

³ Washington State Department of Social and Health Services, Division of Research and Data Analysis.

Composition of Child Care Subsidy Participants in Washington: SFY 96 to SFY 00⁴



*Includes Working Connections Child Care (WCCC), Teen Parent, seasonal and homeless. WCCC represents approximately 90% of the total population served in this category.

Licensed slots increasingly filled with children receiving subsidies. We estimate today that in Washington State approximately 315,000 children birth through age 12 spend at least some part of each week in licensed child care.⁵ A growing number of those children are receiving public subsidies. DSHS estimates that in 1994, children receiving subsidies represented 15% of the total licensed child care population. In 1998 that percentage had increased to 19% and to 24% in 2000. During this same period of time the number of licensed slots increased by only 15%.⁶

This disparity suggests that children receiving subsidies are, in some communities, displacing children of families paying privately in the child care market. This is most apparent in the categories of licensed care where supply is the tightest, primarily for infants, toddlers, school age children, children with special needs and children needing care during non-traditional hours.

One good independent indicator of child care demand is the comprehensive data collected by the 18 community-based child care resource and referral programs across the state and compiled by the private, nonprofit Washington State Child Care Resource & Referral Network (R&R Network). A comparison of the annual R&R Network demand data indicates a consistent and significant increase from 1996 to 2000 in the number of families accessing subsidies among those families who are using the R&R system to find child care. In 1996, the R&R Network referred a total of 36,407 children. Of that total, 29% or 10,639 children were receiving subsidies. In 2000, the number of subsidized children referred jumped to 27,185 or 51% of the 53,240 total number of children referred. The number of subsidized children referred by the R&R system increased by 156% while the total number of children served by the R&R system increased by only 47%.⁷

⁴ Ibid.

⁵ Brandon, Maher, Joesch and Doyle. University of Washington. *Developing Training and Support for Family, Friend and Neighbor Caregivers in Washington State*, December 2001.

⁶ Schrager, Laura and Miller, Marna. *Licensed Child Care in Washington State, 2000*, Washington State Department of Social and Health Services, Division of Research and Data Analysis.

⁷ Washington State Child Care Resource & Referral Network, Annual Child Care Supply and Demand Reports for 1996 & 2000.

Increased numbers of infants need care. The legislatively mandated requirement that TANF mothers with infants over 3 months old participate in Washington's welfare program has put a strain on the already burdened infant care market throughout the State. Of the 6,932 families with infants participating in TANF, 3,917 are parents of infants (birth -12 months) engaged in WorkFirst activities.⁸ For the SFY 2001 (July 2000-June 2001) an average of 5,622 parents per month received child care subsidies for their infants. These parents were covered by various subsidy programs, with approximately 88% on Working Connections Child Care (4,934 per month). About two-thirds of the Working Connections Child Care subsidy recipients with infants are Non-TANF.⁹

The State Department of Social and Health Services allows TANF mothers of infants to participate in WorkFirst in a variety of ways which allow more sensitive transitions for the mother and infant. For example, mothers may get WorkFirst "credit" by enrolling in literacy classes that also focus on issues and skills relevant to working parents. In any case, mothers choosing this option often need child care for their infants as well, but occasionally for fewer hours. It is unclear how many families are impacted by this alternative approach, although in October 2001, there were 891 parents involved in parenting classes.¹⁰

Pre-kindergarten program is small and shrinking. Washington's pre-Kindergarten program, *Early Childhood Education and Assistance Program* (ECEAP), was established in the 1980's to provide preschool services similar to those of Head Start at a time when Head Start funding was extremely limited. Currently, Washington funds ECEAP both with state dollars, which the state counts towards its CCDF maintenance of effort (MOE) requirement, and with federal CCDF 4% quality dollars. ECEAP has lost ground over the last few years, including the loss of 662 slots in 2001 and the potential loss of over 330 more slots in 2002. In addition, there is a growing disparity between ECEAP and Head Start per child reimbursement rates. Working Connections Child Care subsidy money (CCDF) is used to fund wrap-around care for participating children during non-ECEAP or non-Head Start hours and during the summer months. Recent years have shown a marked increase in integration efforts between Head Start, ECEAP and child care programs. The results have been highly successful, especially in family child care models.

ALL children eligible for ECEAP are eligible for Working Connections Child Care subsidies given that families at 110% FPL (31% SMI) qualify for ECEAP and the Working Connections Child Care cut-off is 225% FPL (64% SMI). ECEAP currently serves 7,879 children. Of these children, 859 also access Working Connections Child Care subsidies for the remainder of their day and during the summer months.

The increase in the proportion of non-TANF families receiving state-supported child care services is reflected also in ECEAP. In addition, ECEAP reported a noticeable increase in two-parent families and more grandparents raising grandchildren.

Unmet Need

One of the most effective decisions Washington made when implementing welfare reform was to design an integrated child care subsidy program for all eligible families—Working Connections Child Care. This model has enabled the state to fund child care services for the children of all income eligible applicants without regard to their TANF status. Washington State does not segregate TANF and non-TANF eligible families, nor does the state set aside a capped pot of money for TANF and a capped pot for non-TANF employed child care subsidies. In 1997 when the program first began, the eligibility level for the integrated system was set at the equivalent of 201% FPL. In 1999, the eligibility level was raised to 225% FPL, making any family earning that level or below eligible for child care assistance.

⁸ DSHS, Economic Services Administration, JAS Pregnancy to Employment Report: Statistics for October 2001.

⁹ DSHS, Economic Services Administration.

¹⁰ DSHS, Economic Services Administration, JAS Pregnancy to Employment Report: Statistics for October 2001.

No waiting list; yet only 19% of eligible families receive subsidies. Working Connections Child Care does **not** have a waiting list. All families who apply and are determined eligible (225% FPL) are able to receive services. The State has consistently dedicated both state dollars and federal Child Care and Development Block Grant (CCDBG) dollars, and later, CCDF and TANF under-expenditure (TANF Reinvestment) dollars to accommodate all eligible families who apply.

The lack of a waiting list does **not** mean there is a lack of need for subsidized care. The numbers strongly indicate that a vast majority of families eligible for subsidies do not access them. In addition, many families who participate in the Working Connections Child Care subsidy program drop out of the program once the co-payment becomes too onerous (around 137.5% FPL or 39% SMI). With the exception of the seasonal child care program, no eligible families are denied child care subsidies. However, we estimate only about 19% of eligible families (with children under 13), working or in school, with income below 225% FPL (64% of SMI) receive subsidies in any given month.¹¹ If more of the eligible families were to seek subsidies and funding were to remain level, waiting lists would become necessary.

Why children and families who need subsidies are not receiving them

TANF Families. The average length of time families in Washington State stay on TANF is 20 months.¹² Families tend, on average, to access Working Connection Child Care subsidies (which includes Non-TANF families as well) for six months to one year.¹³ The numbers indicate that there are significant numbers of eligible families who do not apply. For TANF families, the reasons they do not apply vary greatly, but many are not properly offered child care subsidies by their WorkFirst caseworkers. Others may have started on the subsidy program while on WorkFirst, but drop out of the program as they increase their income when the child care co-payment gets too high. Still others:¹⁴

- Do not know about subsidies;
- Believe they do not qualify;
- Have trouble completing the DSHS paperwork;
- Find DSHS insufficiently customer-friendly;
- Find the co-payments make their financial situation untenable;
- Are reluctant or afraid to access government services for cultural reasons; or
- Are confused about the five-year limitation for TANF and how it affects their eligibility for child care subsidies.

In a recent state Department of Social and Health Services survey,¹⁵ TANF families who appear to be eligible but do not receive a subsidy cite the following reasons for not receiving a subsidy:

- 49%—Didn't need subsidies (85% of this population were receiving free care);

¹¹ Washington State Department of Social and Health Services, Division of Research and Data Analysis.

¹² DSHS Economic Services Administration—MRDA Tracking using the CARD Database November 2001. Load averaging cases from August 1997 – September 2001.

¹³ Washington State Department of Social and Health Services, Economic Services Administration, TANF Data Unit, and Division of Research and Data Analysis.

¹⁴ Primary reasons offered by Child Care Resource & Referral staff in an August 2001 inquiry and by key stakeholders in the state child care system at an August 2001 meeting.

¹⁵ Du., et.al., *A Study of Washington State TANF Leavers and TANF Recipient*. Economic Services Administration, Washington State Department of Social and Health Services, March 2000.

- 13%—Too much trouble/"hassle" to apply;
- 6%—DSHS indicated client was not eligible for child care subsidy;
- 2%—Didn't think they qualified;
- 2%—DSHS wouldn't pay for chosen provider;
- 8%—Tried to contact DSHS for assistance but got no response;
- 7%—Application is in process; and
- 5%—Not aware child care subsidies were available.

Non-TANF Families. While low-income families not connected to TANF comprise the largest portion of the population on the State's Working Connections Child Care subsidy program, we estimate that proportionally they are underrepresented. The State has not done the type of outreach necessary to inform and attract non-TANF low-income working families to the child care subsidy program.

Co-payments Cause Difficulties for Both TANF and Non-TANF Families. One of the changes that occurred with welfare reform was an increase in the parent co-payment requirement, especially for the very lowest income families. Local child care resource and referral agencies report that families cite the co-payments as a significant barrier to accessing subsidies. Even low co-payment amounts may be a financial hardship for very low income working families, including those on TANF. The problem is especially acute for non-TANF families who are subject to higher co-payments, and for families whose modest income increases push them into a much higher co-payment bracket. We asked a variety of people working in the child care system what problems with the subsidy system families highlighted. High co-payments came up frequently and passionately.

The co-payments in Washington State depend only on family size and income. They do not vary depending on the type of provider the parent chooses. All families (except some protective services cases) make a co-payment. The minimum co-payment is \$10, when family income is below 82% of the FPL (23% SMI) based on family size. Above 82% FPL (23% SMI), and up to 137.5% FPL (39% SMI), the co-payment is \$20. Above 137.5% FPL (39% SMI), the co-payment amount is 44% of the income over 137.5% of FPL (39% SMI). That is, for every dollar of "countable income" over 137.5% FPL (39% SMI), the parent must increase her co-payment by \$0.44. (See *chart attached as Appendix A*).¹⁶ If the Governor adopts the cuts proposed by the DSHS, Division of Child Care and Early Learning, the increase in co-payment above 137.5% FPL (39% SMI) will move from 44% to 53%.

Many families seem to leave the program after the co-payment exceeds \$20. Whereas we appear to be serving 30% of families below 137.5% FPL (39% SMI), we serve only 15% of families with incomes of 150% FPL (42% SMI). By the time families reach the highest level 225% FPL (64% SMI), the state estimates it is serving only 2% of the eligible population.

If the income of a family of three rose from \$1,676 a month to \$1,829 a month (an increase of about 9%), the co-payment amount would rise from \$20 to \$87 per month (an increase of 335%). At this level, the co-payment would constitute 4.8% of income. If the income of that family of three rose to \$2,743 a month, or 225% FPL (64% SMI), the family would have a co-payment amount of \$489 a month, which constitutes almost 18% of income.

¹⁶ Washington State Department of Social and Health Services, Economic Services Administration.

Child care arrangements of parents without subsidies

Low and moderate income families who do not receive subsidies often have a difficult time affording quality, licensed care. Working poor families who are not eligible for the subsidy programs, or those on subsidies who may not be able to pay the high co-payment required as they progress up the income ladder, may leave the Working Connections Child Care subsidy program and switch from licensed care to informal (family, friends and neighbor) child care situations. Less costly arrangements may become their only choices. Possible arrangements include:

- Leaving the oldest (minor) sibling in charge;
- Leaving the child(ren) alone (self-care);
- Relying on family, friends or neighbors to provide supervision;
- Accessing community out-of-school time options; or
- Taking the child(ren) to the work site.

While some arrangements, such as relying on family or friends or accessing community care options, may be positive environments for children, many less supervised options may fail to provide even basic health and safety protections.

In March 2000, the state issued findings from a survey of TANF leavers and TANF recipients which indicated that of those parents on TANF who needed child care but said they didn't need subsidies:¹⁷

- 61% relied on other relatives for their children's care;
- 16% relied on older siblings to care for younger children; and,
- 4% used child care centers or family child care home facilities.

The State will authorize subsidy reimbursement for the above options, excluding the care by an older sibling. These statistics verify that, despite their eligibility, some families were not adequately informed about their options while others consciously chose not to use the subsidy system.

The University of Washington just completed a random, general public survey of child care provided by family, friends and neighbors. Among the findings, the study shows that often families use this type of care to augment their licensed child care arrangements, which do not fully meet the child care needs of working families. Approximately 483,000 children, birth through age 12, are in the care of family, friends or neighbors on a regular basis and about 203,000 children have family, friends and neighbor care as their primary non-parental care arrangement.¹⁸

¹⁷ Du., et.al., *A Study of Washington State TANF Leavers and TANF Recipients*, Economic Services Administration, Washington State Department of Social and Health Services, March 2000.

¹⁸ Brandon, Maher; Joesch and Doyle. University of Washington. *Developing Training and Support for Family, Friend and Neighbor Caregivers in Washington State*, December 2001.

III. Subsidies Do Not Assure Equal Access to Quality Child Care

Reimbursement rates do not meet market rates, much less true cost of care

Washington State has consistently been committed to increasing subsidy rates and initiating creative approaches to quality enhancements. Nonetheless, the rates and their effective purchasing power continue to plummet. In 1996, the rate was 75% of market. The rates will be adjusted in January 2002 to reflect the 2000 rate survey and are expected to reflect between the 52nd and 58th percentiles of the 2000 rates.

The demise of the rates has occurred during a period of complex political shifts that began in 1994 both nationally and in the State. While many providers would like the state to pay their standard rates, most apparently are willing to serve some subsidized families even when the reimbursement rate is below their standard rate. As a result, the system perpetuates the practice of caregivers subsidizing the subsidy system through depressed wages and/or lower quality services. We believe the true cost of quality care is shifted under these circumstances to low compensation for workers and to reductions in other expenditures that would enhance quality.

Subsidy rates falling further behind market rates. In reality, subsidy rates are continually falling farther and farther behind market rates. The two most significant factors contributing to this trend are that:

1. The market rate survey is out of date by the time it is implemented (usually 12-18 months).
2. Washington State shifted several years ago from a strictly market rate process to a vendor rate hybrid which eliminates the market value of child care from the equation used to define the amount of money allocated for the rate increase.

Historically, Washington State has conducted a biennial market rate survey of licensed child care providers. Based on the level of funding appropriated by the Legislature, DSHS sets the maximum rates at the same percentile in each of its clustered regional groupings. In fact, the reimbursement rates have never reached the target level since the market rate survey is always published 12-18 months after it is conducted and is not adjusted for inflation during that period.

In 1997, Governor Gary Locke shifted the basis of the reimbursement for child care providers from the market rate approach to the vendor model, bringing child care providers in line with other entities and individuals from whom the state purchases services. This means that instead of assessing the necessary child care subsidy rate increase based on the market rate survey, child care subsidy rates now reflect the percentile of the market rate that the vendor rate can buy. Unfortunately, the vendor rate increase is a uniform percentage negotiated each budget cycle and is not at all influenced by the child care market survey since the child care providers are only a small percentage of the vendors across all impacted programs. Some years there is no vendor increase at all. The current increase is 2.1% in year one of the biennium (SFY 2002) and 2.3% in year two (SFY 2003). As a result of this inadequate increase, the subsidy reimbursement rates beginning in 2002 will drop to between the 52nd and 58th percentiles of the 2000 rate survey, a benchmark that is already two years old.

This is extremely limiting for child care providers whose expenses far outpace this level of increase which has no bearing on the actual or true costs of providing quality care. The current state rate of inflation is between 2% and 3%. The annual child care survey shows an annual inflation rate for child care fees of a full 6%. The price of child care has consistently increased at twice the rate of general inflation during the period from 1990 through 2000.

Other caregiver financial losses. Family home providers, in a recent survey, cited a number of situations (i.e., parents not notifying them when their subsidy is terminated, not receiving two weeks notice when a subsidy child leaves, not receiving payment if a child is gone over five days but needing to hold the slot open, etc.) in which they lose financially by serving families with subsidies. Caregivers often cite frustration at the process of requesting the required co-payment from families receiving state subsidies. Many times the provider never collects the co-payment. The provider's inability to obtain the full parent co-payment adds a significant burden to the business' financial stability.

Problems with Supply

The availability of licensed care varies with geography. The counties with the lowest supply of licensed care tend to be rural counties with low population density. However, the counties with the highest relative supply of care are not limited to the metropolitan areas of the state. We asked local Resource and Referral agencies and a gathering of those working within various parts of the child care system about supply issues for this report. They told us that infant care is among the most difficult to find, followed by care in rural communities, care for children with special needs, school-age care and care during non-traditional hours.

Language/cultural issues. Parents' choice of child care is increasingly complicated or constrained by language barriers between parents and providers and/or the lack of providers offering culturally sensitive programs that respect the cultural or religious beliefs of families. As recent census data shows, every urban area in the state has seen an increase in immigrant (and/or minority) populations over the past ten years.¹⁹ Most immigrant populations have difficulty accessing services due to linguistic and cultural barriers, and many face economic hardship as a result. For example, data show that 11.6% of low-income working families do not use English as the primary language in the household, compared to just 2.3% of other working families.²⁰

Rural supply low. Rural areas of the state have been traditionally underserved in the realm of licensed child care services, due to factors such as unemployment, distances between homes and child care, and cultural issues including a general acceptance of non-exempt, unlicensed care. As of the end of June 2001, Garfield County had only two licensed child care facilities, for a child/slot ration of 30:1. Five other rural counties had ratios of over 10 children per licensed slot (10:1). This compares to a statewide average of 6:1. Although rural areas have seen recent increases in the number of available licensed child care slots, the scope and reasons for those increases vary by community, and increases remain insufficient.

High growth areas struggle. Some areas, such as Clark County—with a 45% increase in overall population in the last ten years—have made a rapid transition from primarily rural to primarily urban, and resources have not been able to keep up with demand.

Infant, special needs, and non-traditional hour care. The State has adopted reimbursement policies which increase access for families on subsidy. The State pays above its standard child care rates if licensed child care providers care for subsidized infants (\$250 bonus per infant), children with special needs (a negotiated rate specific to the necessary care accommodation), or provide a minimum of 15 hours per month of non-traditional hour care (a flat monthly enhancement of between \$73 and \$108 above the standard rate depending on the geographic region). These higher subsidy rates have made a significant difference in increasing or maintaining the supply of these types of care—although families still experience difficulties in finding the care they need when and where they need it.

¹⁹ 2000 US Census data as reported in newspapers such as USA Today and The News Tribune.

²⁰ *Washington State Population Survey: Profile of Working Families With Children*, Research Brief No. 7, Washington State Office of Financial Management, March 2000.

Provider limits on number of subsidized children accepted. Although many providers are willing to at least entertain the idea of accepting subsidies, many may take only one or a small number of children with subsidies. As of 1998, about half of the state's licensed family child care homes and roughly two-thirds of centers were serving at least one DSHS subsidized child.²¹ As of 2000, those numbers had increased to 57% of all family child care homes and 86% of all centers serving at least one child on subsidy. The state's provider survey in 2000 found that, on average, of those facilities willing to accept a subsidized child, 13% limit the number of subsidized children they will accept at any one time.²² The anecdotal experience of the local child care resource & referral programs, however, indicates that the percentage of providers limiting access is actually much greater.

Limited use of contracts. Washington does not generally purchase child care slots for families. The one exception is a special program funded through the state community college system called *Families That Work* TANF program. The state contracts for a small number of slots to accommodate the children of parents enrolled in *Families That Work* and in the extended hour project through the State Board of Community and Technical Colleges, which provides non-traditional hour child care for children of TANF recipients enrolled in education/training during non-traditional hours. Both of these projects are slated for a reduction in funding should the proposed cuts be adopted.

The state believes that using the voucher system, rather than contracting for slots, allows parents receiving subsidies a broader range of choice. While that is true, some would argue that contracts provide a more stable funding base for child care providers, which allows for higher staff wages leading to less staff turnover and overall better quality of care.

Administrative processes improving but still frustrate many

In the past two years, DSHS has made improvements that make billing easier for child care providers. These changes have decreased the time lag between service and payment. The system allows small-and medium-sized child care programs (which includes family child care) to bill by telephone and have access to direct deposit payments from the state.

Local Child Care Resource & Referral agencies were asked how the state's subsidy administrative processes affect providers. The R&R staff cited a number of improvements made by the state over the past few years that have reduced frustration, time spent on paperwork, and financial hardships for providers. However, they listed an even greater number of concerns by providers about problems with DSHS case managers, late payment of vouchers, low subsidy reimbursement rates, and the inability to collect co-payments from parents. Providers willing to serve more children with subsidies are often affected most severely by low reimbursement rates—providers thus have a disincentive to serve a high proportion of children receiving subsidies.

Another innovative approach to streamlining administrative functions is the move toward “call centers” for all child care subsidy eligibility and payment processing. The Department of Social and Health Services has grappled with viable alternatives to the in-person, intensive service option for clients and child care providers. In many communities, the state is closing their client service offices and moving all requests for child care subsidies through a call center where clients are talked through the application process over the phone. Child care providers requesting information on their client's status or on their payments are also routed through the call center. All call center employees are trained and monitored and have uniform instructions.

²¹ *DSHS Subsidized Child Care: A Briefing Paper*, September 1999 (DSHS Research & Data Analysis Division).

²² Schrage, Laura and Miller, Marna. *Licensed Child Care in Washington State, 2000*, Washington State Department of Social and Health Services, Division of Research and Data Analysis.

On the positive side, this approach seems to increase the consistency and reduce the confusion around implementation of policy, especially around the enhanced rate for children with special needs. Child care providers seem to appreciate the increased level of knowledge that the call center staff have. On the negative side, clients and providers do not have the option for a face-to-face encounter. In communities where the call centers were piloted many of these clients and most of the providers frustrated by the call center format tended to gravitate to the community-based child care resource and referral program for face-to-face technical assistance and personal nurturing.

Families with subsidies face more barriers to quality care than middle and upper income families

Washington provides subsidies for a wide variety of child care arrangements. Parents using subsidies may choose licensed child care centers, licensed child care homes, care in the child's home, or care in the home of a relative.

In general, families receiving subsidies have access to the same **types** of care as middle and upper income families: licensed family child care, licensed center care, licensed-exempt in-home care and certified facilities.²³ However, families receiving child care subsidies are not necessarily able to access the **same** care facilities. While most licensed providers serve at least one family with subsidies, providers in poor neighborhoods serve a higher proportion of families receiving subsidies. In the past, families using subsidies have had access to a large proportion of the private market, and hence a range of choice similar to that available to middle-income families. However, since licensed caregivers have a finite number of slots available to children on subsidy, families on subsidies have more limited options. In addition, with the drop in purchasing power of the subsidy from the 71st percentile of the 1998 rate survey to the 52nd–58th percentile of the 2000 rate survey, the number of programs available for families on subsidy continues to decrease.

According to a survey conducted by DSHS of families eligible for child care subsidies, a third of those families had difficulty finding child care due primarily to quality issues (including care for children with special needs and care that was sensitive to the family's values) and non-standard hour schedules.²⁴

However, there are circumstances in which middle and upper income parents have increased options for choosing care. They have a fuller range of choices since many providers do not accept subsidies or only accept a limited number of subsidies. They can, perhaps, afford to hire a nanny or other in-home caregiver for night hours. Providers who are very popular due to their quality or convenient location may have waiting lists—and may prefer families who can cover the full cost of care and from whom they do not have to collect a co-payment. Middle and upper income parents may also have greater geographic flexibility due to having better transportation options. They may be able to wait for a desired program because they may have less pressure to get into or return to the workforce by a specific date, such as when a TANF recipient obtains a job offer and must line up child care within a few days.

We have no measure of the variation of quality among licensed providers. On average, more subsidized families are served by providers whose usual rates do not exceed the subsidy maximum; however, we cannot say whether or not that market price correlates well with the quality of care. Ironically, in some cases middle income parents may find high quality care less affordable than parents who have the assistance of a subsidy.

²³ Certified facilities include tribal child care and school-age programs on school sites administered and staffed by school employees.

²⁴ *DSHS Subsidized Child Care: A Briefing Paper*, Washington State Department of Social and Health Service, Research & Data Analysis Division, September 1999.

Tribal Child Care

Washington State has 28 federally-recognized Native American tribes. Over \$5 million in CCDF dollars were allocated to the tribes during FFY 2001 in Washington State. In addition to the CCDF dollars, five tribes received \$12.4 million in TANF dollars (\$5.5 million in state and \$6.9 million in federal funds).

The Division of Child Care and Early Learning has convened a Tribal-State work group composed of representatives from all 28 tribes to resolve major issues such as: Indian dual eligibility; accessibility to child care subsidy programs; state certification for payment in tribally-licensed facilities; improved communication, especially about grant opportunities; statewide health and safety standards for tribally certified/licensed child care facilities.

The tribal CCDF and TANF dollars often work in concert with other state and federal resources to enhance the availability, affordability and accessibility of child care for Native Americans.

IV. Quality Initiatives Create Effective Models; Implementation Is Not Widespread

Washington's quality initiatives are widely viewed as very successful, innovative and encouraging signs of the ability to make progress on difficult and challenging issues within the child care system. However, all of them need stable, sustained funding and some are seriously underfunded now. Other programs need to be added as models prove effective and as new ideas arise. We must fund system-wide services to meet the diverse needs of the caregivers in their broadening family support role. The mix of quality initiatives needs to continue to bolster the creation of an overall effective child care system for all children living in Washington State.

Resource and Referral

Washington State has designed and funded one of the most comprehensive child care resource and referral (R&R) systems in the nation. There is a well-funded statewide nonprofit R&R Network office and 18 community-based R&R programs, which together serve all 39 counties. The R&R system began with small \$5,000 grants in 1986 from the federal Dependent Care Block Grant. But by 1996, the system still did not cover every county. The State has used a combination of CCDF 4% quality dollars, School Age Care/R&R earmark dollars (40% of the earmark each year), and CCDF quality earmark dollars aggressively since then to build a strong, uniform R&R system across the state.

Community-based R&R services in Washington go far beyond simply helping families find child care. They cover:

- (1) **Family Services:** child care referrals, consumer education, family resources;
- (2) **Provider Services:** recruitment, technical assistance, consultation and training;
- (3) **Community Building:** keeping community partners and policy makers abreast of key child care issues and serving as the local information hub; and
- (4) **Data and Research:** including compiling, analyzing and disseminating comprehensive child care supply and demand data.

The R&Rs all collect standard data elements on child care supply and demand and report that data monthly to the Washington State Child Care Resource & Referral Network, which compiles, analyzes and disseminates the data. The statewide R&R Network is the association of all 18 local R&R programs which are, in turn, the child care infrastructure in local communities positioned to assist with implementation of various State policies or programs throughout the State.

The State has spent 15 years building a comprehensive nonprofit R&R system serving every community in the State. The State recognizes the value of basic community-based services which, while not uniform, are offered in a consistent manner regardless of location.

Licensing/Health and Safety

In 1994, the State de-linked the child care licensing system from the child protective services unit and placed licensing staff with child care policy staff. This organizational and attitude shift has significantly increased the ability of the child care licensors (who must have a selective certification in early childhood education) to mentor child care providers as well as to perform their regulatory duties. In July 2001, the Child Care Health Surveyors from the Department of Health moved over to join the child care licensors

in the new Department of Social and Health Services, Division of Child Care and Early Learning. This latest merger promises to improve communication and reduce stress on caregivers trying to get licensed or re-licensed.

While Washington has a strong and qualified licensing team, the licensing unit is seriously understaffed. The average caseload for child center licensors is 85, and it is 145 for family child care licensors. Licensor case loads can be much higher at times. When a licensing staff member quits, her/his licensing load is re-assigned and the caseloads for the remaining licensors can increase significantly for the period of time (sometimes months) it takes to re-hire. A recent workload study conducted by DSHS indicates a need for a minimum of 19 additional licensors and 3 additional health surveyors to keep pace with the growing workload.

The number of complaints against facilities has increased by 50% in the last two years. Investigating these complaints takes time away from the core licensing work. In addition, the aggressive provider recruitment campaigns funded by the state have resulted in 8,000 new slots in 2001. This reflects an increase of 23,000 slots since 1995 which has had a dramatic impact on the workload of licensors.²⁵

In 1998, DSHS changed the way complaints are filed, categorized and investigated. Licensors are no longer the point of entry for consumers or caregivers to register a complaint against a child care facility. As a result, licensors are occasionally unaware of issues or complaints involving facilities they are assigned to monitor. With the new Division of Child Care and Early Learning, established July 1, 2001, the complaint process is being reconsidered in an effort to streamline the process and to include licensors from the beginning.

There are numerous other state supported, community-based entities which help child care providers meet standards, including child care resource and referral agencies, local public health organizations, community and technical colleges, school age specialists, and the Washington Association for the Education of Young Children.

Over the years, the state has empowered communities to address some of their specific licensing and health and safety issues by funding a wide variety of small, quality enhancement grants. These grants include key training and technical assistance components, which strive to improve the quality of care such as mini-grants to caregivers for purchasing items essential for licensing; specialized training; recruitment and retention activities for underserved populations; creation of caregiver substitute banks; and on-site consultation.

School-Age Care

Each year the state dedicates 60% of the CCDF School Age Care/R&R earmark to school-age care services and supports. These funds are given to School's Out Washington, a non-profit organization, which serves as a statewide out-of-school time technical assistance organization. With this annual allotment, School's Out Washington is able to:

- Fund a series of quality improvement grants to local school age programs around the state including funding to help programs meet licensing requirements;
- Sponsor and plan an annual statewide conference for out-of-school time care providers; and
- Educate and engage communities in support of out-of-school time care issues through participation in local, statewide, regional and national groups.

In addition, the State dedicates a part of the CCDF 4% quality dollars to fund School's Out Washington to coordinate the WRAP! Project, which is the regional school age care technical assistance network.

²⁵ Washington State Department of Social and Health Services, Division of Child Care and Early Learning.

Infant/Toddler Care

Washington State has consistently put 100% of its share of the federal CCDF Infant/Toddler earmark into community-based efforts to build capacity and quality of care available for babies and toddlers. The funds have gone to Healthy Child Care Washington to fund a public health nurse in every local health jurisdiction who specializes in infant/toddler care and provides on-site consultation to child care providers caring for babies and toddlers. In addition, these resources have been used to fund the community-based child care resource and referral programs, to recruit child care providers to care for infants and toddlers and to provide the caregivers with mini-grants to purchase essential equipment or other necessities to enable them to meet licensing requirements for infant and toddler care.

These funds also sustain the efforts of the statewide, community-driven BRAINet efforts to take the brain development training through local “BRAIN Squads” to parents, caregivers, policy makers, social workers, health professionals and community groups in every county in the state. Over 1,000 professionals have been trained to offer the “brain training” through BRAIN Squads all across the state.

The State also dedicated \$15,000 to support a one-year intergenerational pilot project, bringing senior citizens into infant/toddler child care settings to provide valuable and consistent one on one interaction. This project called “Read and Rock” puts the brain research into action by having seniors hold, rock and read to infants and toddlers.

We must continue to find creative and effective ways to disseminate the brain research findings, especially to individuals caring for infants and toddlers. There is great concern that the general public, policy makers, business leaders and educators do not truly recognize the direct connection between the quality of care provided during the earliest years (birth to 5) and a child’s success in school.

Health Consultation

Healthy Child Care Washington (HCCW), which is funded through a combination of federal Maternal and Child Health dollars, CCDF 4% quality dollars, and CCDF Infant/Toddler earmark dollars, has a strong presence throughout the state. HCCW is a holistic approach to supporting caregivers with health related information, technical assistance and resources. HCCW has built effective local partnerships between local public health jurisdictions and the local child care resource and referral programs, which provide training, technical assistance and consultation for child care providers on all health related topics, including children’s mental health, baby and toddler care, brain development training, environmental health, care for children with special needs and nutrition. The public health nurse consultation component to HCCW is extremely successful, especially focusing on baby and toddler care and care for children with special needs. The State funds nurses at each of the local public health jurisdictions to provide on-site consultation to child care providers.

The State has also dedicated \$5 million over the 2001-2003 biennium to support a statewide, community-based, comprehensive support system for families who have children with special needs and the child care providers who care for them. Through a partnership among local public health organizations and the local child care resource and referral programs, families receive enhanced referral assistance in finding child care and are linked to a skilled public health nurse for consultation and other parenting resources. The child’s new caregiver is also able to access training and specialized consultation services to improve the quality of care they are able to provide.

In another unique project, the state has funded the WA State Child Care Resource & Referral Network over the past three years with TANF dollars to develop and implement *Hand-In-Hand*, a creative curriculum and training project for child care providers who have children in their care who live in families affected by substance abuse. The curriculum is available in Level I (6 hours) and Level II (4 hours) and both the trainers’ guides and participants’ notebooks are translated fully into Spanish. The philosophy of the

curriculum is that the training occurs in communities jointly with child care resource and referral trainers and chemical dependency counselors. In just 15 months, 1,026 child care providers attended 97 training sessions totaling 304 hours of instruction from 51 trainers. This training positively impacted over 8,200 children. In addition, this project offers funding to local communities for mental health consultation both for the caregiver and for the children in their care as a follow-up to the training. There is also a community level children's mental health "systems" building component.

Professional Development

Washington has taken several key and commendable steps forward in creating and supporting a professional development system for caregivers, yet the system is not complete.

Mandatory entry and annual training. Washington has the State Training and Registry System (STARS) which requires 20-hours of initial in-service training and 10-hours of annual in-service training for lead caregivers and administrators. However, the system, administered by the nonprofit Washington Association for the Education of Young Children, is not fully funded and as a result the provider training registry is not yet fully operational.

The state supports a wide variety of training programs through community and technical colleges and through community-based organizations, which increase access of caregivers to the training they need to meet STARS requirements. For example, the state subsidizes *Building Blocks: Laying the Foundation for Quality Family Child Care™*, the 20-hour initial in-service training for family child care providers developed by the Washington State Child Care Resource and Referral Network and delivered by each local R&R. This training is available in-person, via video format and on-line at www.learningoptions.org. The State used CCDF quality dollars to fund the development of the 21-hour video format of this training (\$250,000) and has subsidized the statewide delivery of the in-person format for 8 years, first through CCDBG, and now through CCDF. The State also used CCDF quality dollars to fund the development of similar 20-hour initial in-service training for child care center staff through the higher education system.

Career & Wage Ladder. Governor Locke took a bold step in 1999 in dedicating \$4 million dollars of TANF "reinvestment" funds to create the Washington State Career and Wage Ladder Pilot Project, which requires participating child care centers to partner with the state on increasing worker wages based on time on the job, experience and education. In 2001, Governor Locke dedicated an additional \$5 million dollars from TANF underexpenditures and CCDF quality dollars to maintain the program and allow for minimal growth in existing sites through June 2003. This highly successful pilot program has grown beyond its funding limits and the Governor and Legislature must face the difficult fiscal and policy choices in deciding the program's future. There are 124 centers currently involved.

T.E.A.C.H. The nonprofit Washington State Child Care Resource & Referral Network holds the license to operate T.E.A.C.H. Early Childhood® Washington, an innovative scholarship program created in North Carolina, which supports licensed child care providers to further their education. Initial funders include the Foundation for Early Learning and the City of Seattle. King County dedicated funds only for 2001. T.E.A.C.H.® programs in other states have grown statewide only through dedicated public dollars (mostly federal) allocated by their States. In October 2001, Governor Locke brought the State in as a partner by dedicating \$250,000 in CCDF quality dollars in support of T.E.A.C.H.® through June 2003.

Community College Articulation Project. This project funds a coordinator position at the higher education level with the goal of integrating child care issues into the higher education debate. This position, shared by two individuals, has heightened the awareness of the professional development needs of child care workers and has resulted in positive movement towards articulation between and among 2- and 4-year institutions offering early childhood education. The success of this project has enabled the T.E.A.C.H.® project to expand smoothly.

Apprenticeship Program. Washington State has recently opted to invest \$150,000 of CCDF dollars to support the Child Care Apprenticeship Program since their federal grant from the U.S. Department of Labor expired. This program is a technical training and compensation enhancement program for child care providers who are able to attend college and work alongside experienced caregivers who acts as their mentors.

Child Care Careers Program. The goal of the Child Care Careers Program is to increase the quality and quantity of child care available for the low-income working families as well as provide viable career options for WorkFirst participants who want to work with children. This TANF program was designed to train 250 child care providers each biennium. Participants receive college credits and life skills while in a work setting, as well as mentoring and job placement services. Participants who received training have been able to enter into child care positions at higher than entry-level wages. Eligibility also extends to former TANF recipients (for up to 24 months) who are working 20 or more hours a week. The state has spent \$1.8 million out of the TANF pot on this program in SFY 98-00 and 515 WorkFirst participants have completed the program. Of the total trained, 413 found jobs working in the child care field. The program is funded through SFY 03.

Financing

Inadequate salaries for child care workers, leading to turnover. Since the late 1980's, we have seen convincing evidence that the child care workforce is in crisis. Teachers are leaving the field in droves (in 1997 the turnover rate for teachers in Seattle was 29% and for aides was 55%; a national survey reported the turnover rate in 1997 was 27% for teachers and 39% for aides) to find better paying jobs. Wages are very low (in 1998 teachers in Washington earned \$7.73/hour and aides earned \$6.34/hour). When adjusted for inflation, teacher salaries have not increased since 1992. The minimum wage in Washington State is currently \$6.90/hour. Employee benefits (health care, retirement, dependent care assistance) are rarely available. Levels of education among child care workers are also low. With high staff turnover and low levels of early childhood education comes poor quality of care.

We know that the price that providers set for their services does not reflect the true cost of care, but rather, is tied to the market place and what providers believe parents are willing and able to pay for care. These artificially low prices are, in fact, subsidized by foregone wages and benefits of the staff, and augmented by tough compromises in the quality of care that must be made to arrive at parent fees/prices that the market will bear.

We need a national focus and a statewide effort to work with providers to understand what their current costs are and what their full cost would be if they offered reasonable wages and benefits and were able to ensure more consistently quality programs.

A pilot *True Cost of Care Project* is underway in Seattle/King County, sponsored by the Northwest Finance CIRCLE (NWFC). *The True Cost of Care Project* is working with family child care homes and child care centers to develop true cost budgets and to analyze the gap in funding between what exists now and what is needed. NWFC is also mapping current funding and seeking opportunities for expanding current and developing new fund sources for early learning and out-of-school time programs. The mission of the NWFC is to create a model financing system for early childhood care and education and out-of-school time care that will ensure a range of high quality, affordable, culturally relevant options that meet the unique needs of families, children and staff by engineering and testing system components and strategies. The NWFC is working closely with the Child Care Coordinating Committee (a statewide public policy advisory committee created in statute comprised of 1/3 state agency representatives and 2/3 community and advocate groups) and other organizations to develop models that can be taken to scale across the state to create a more coherent and fully-financed system.

Inadequate provider reimbursement rates that weaken quality child care. The lack of funding dedicated to maintaining the provider reimbursement rate at least at the 75th percentile of the most recent market rate survey continues to be of grave concern. As of January 2002, Washington has slipped to somewhere between the 52nd and the 58th percentiles of the 2000 rate survey. As noted above, there is a strong grassroots movement to rethink the whole basis for establishing the reimbursement rate and to have it reflect the true cost of care rather than the depressed reality of the market rate.

Need to finance the true cost of care. The state and community stakeholders recognize that increasing child care worker salaries is tied to the larger question of how to more appropriately and adequately finance the true cost of care for the early childhood education and out-of-school time care system. Until the general populous accepts that child care is a “public good,” the patchwork of current funding will be inadequate to meet the diverse needs of children, families, caregivers and communities.

Taking a long-term, systems view on the recommendation of the state Child Care Coordinating Committee, the state dedicated \$200,000 of CCDF quality dollars to hire a firm to assess the current state of the child care and out-of-school time care system, including all the programs and services. In addition, the firm was to provide a plan for designing and implementing a viable financing mechanism for a comprehensive early care and out-of-school time system throughout Washington State over the next ten years. Due to the anticipated budget shortfall for the biennial SFY 01-03, the Division of Child Care and Early Learning terminated the contract before the bulk of the work was finished.

Family, Friends and Neighbor Care

Washington State fully supports parental choice in child care environments. Interestingly, each year the number of families receiving Working Connections Child Care subsidies and who choose licensed-exempt caregivers, increases. Currently, over 40% of the Working Connections Child Care subsidies are paid to these licensed-exempt caregivers. We wanted to know why. So, the state dedicated \$250,000 of the CCDF quality dollars to contract with the University of Washington, Human Services Policy Center, to study the issue, perform a general population survey and assess the results. The study found that family, friends and neighbor care is a major part of the child care system and is the dominant care for infants, toddlers and school-age children. A full 45% of all families with children ages birth through 12 in Washington state use family, friends and neighbor care for at least part of their child care needs. The percentage is much higher for families of infants and toddlers—58%. Another finding of the study was that family, friend and neighbor caregivers welcome training and other supports if they are offered as supports and not mandated.²⁶

Transitions from Early Care and Education to School

The *vision* of Project STEPS (Sequenced Transition to Education into the Public Schools) is that all children in Washington experience seamless transitions from one early care and education environment to another. The *mission* of Project STEPS is to provide training and follow-up in every community in the state through an integrated system of collaboration among local providers. The Washington State project, funded in part with CCDF quality dollars, expands the traditional STEPS model from children with special needs, to encompass normally-developing children who might have barriers to smooth transitions into public schools. The project focuses on a wide variety of low-income families and the breadth of cultural and linguistic diversity in each community.

²⁶ Brandon, Maher; Joesch and Doyle. University of Washington. *Developing Training and Support for Family, Friend and Neighbor Caregivers in Washington State*, December 2001.

Building quality and capacity

During the years between 1996 and 2000, up to 1,000 family child care providers were closing their child care businesses each year;²⁷ There were numerous reasons for this mass exodus. The robust economy made it financially enticing for these providers to leave the field for higher paying jobs. In addition, the shift in federal rules and funding for the Child and Adult Food Program meant that a large portion of the family child care market was no longer able to receive reimbursements to feed all the children in their care.

In an effort to address the growing lack of supply, Washington State dedicated over \$9 million dollars from CCDF quality dollars in 2000-2001 to fund creative community-based approaches to building the quality and capacity of child care, specifically for:

- Infants and Toddlers;
- Children with Special Needs;
- Children needing care during non-standard hours;
- School-age care; and
- Middle School age youth (ages 12-14).

As a result of the huge success of these projects, the state has dedicated an additional \$12 million over the next 2 years (2001-2003) to refine projects to focus on child care provider recruitment and retention in all categories for ages birth through 12, and on developing and maintaining quality middle school programs.

Child Care Facilities and Micro-Loans

In the early 1990's, Washington State established a child care facility fund which linked loans and grants for child care businesses with employers who wanted to assist their employees with accessing quality child care. There is \$1 million dollars in loans and \$125,000 in grants available each biennium. In 2001, there are 85 employer-supported child care facilities providing care for 5,500 children. In October 2001, Governor Locke increased the available funds by \$500,000. In addition, he requested that the administrative codes be revised to remove the required link with an employer, thereby broadening the number of child care facilities eligible to apply.

By early 2002, the state will have created and published a new manual for child care center directors, architects, building contractors and local building/planning departments on requirements/guidelines and best practices for building child care center facilities in Washington State.

The state has also invested \$1 million in underexpended TANF dollars to establish a micro-loan program which offers affordable resources to licensed or certified child care centers and family child care homes. It is expected to improve the availability, quality, and affordability of child care for low- and moderate-income families in Washington. This program assists with start-up costs, health and safety improvements, and minor renovation costs associated with starting or expanding a licensed or certified child care center or family child care home.

These low interest (5%) loans are available to family child care providers and centers alike. Since its inception, the micro-loan program has given loans to 26 child care businesses creating 48 new jobs and helping to retain another 40 jobs. These loans also created 335 new child care slots and improved the quality of care.

²⁷ Washington State Department of Social and Health Services, Division of Child Care and Early Learning.

Consumer Education

The largest ongoing investment to consumer education made by the state each year is basic funding for outreach through the child care resource and referral system. The WA State Child Care Resource and Referral Network has a statewide, toll-free consumer education hotline which directly links the caller with the community-based child care resource and referral program or other appropriate local resource to meet their needs. The R&R Network has an extensive website (www.childcarenet.org) full of consumer education information for parents, caregivers and community members.

In 1996, the WA State Child Care Resource and Referral Network initiated the nationally acclaimed *Child Care 2000 Campaign*. Over the past 5 years, the state has dedicated approximately \$500,000 of CCDBG/CCDF quality dollars to support this \$1 million, multi-media, public engagement campaign about the importance of choosing quality child care and out-of-school time care.

The Department of Social and Health Services has developed a consumer guide to help parents understand how to choose quality care and a pamphlet explaining how Working Connections Child Care and the other smaller subsidy programs can help families to pay for care. Basic information for both parents and providers is also available through the web sites of the R&R Network and the DSHS, Division of Child Care and Early Learning.

The Legislature passed a bill in 2000 to create a toll-free number for parents to call for licensing information about family child care homes and child care center. By calling one central number, they can find out if their provider is licensed, if any valid licensing complaints or founded child protective complaints have been made about the provider, and basic information about the number and ages of children served. For any further information beyond basic licensing, they must call the local R&R program.

In 2000, the Governor's Commission on Early Learning (co-chaired by First Lady Mona Lee Locke and Melinda Gates) initiated a statewide public engagement campaign focusing on the importance of the early years (0-5) in a child's development. The State dedicated \$1 million for this campaign from the State General Fund. An additional \$500,000 was raised in matching funds, primarily from the Foundation for Early Learning, for the campaign as well bringing the total campaign value to \$1.5 million.

Uncertain Future

Many of these highly effective quality initiatives are slated for elimination or 45% reduction in funding if the Governor and the Legislature adopt the proposed cuts. If these cuts are implemented, the State's multi-million dollar investment over the last 15 years in building a comprehensive system of services and supports for families and caregivers will be devastated.

V. Key Recommendations for Congress and Washington State regarding CCDBG/CCDF and TANF Reauthorization

GUIDING PRINCIPLES

- Child care policies must place the well-being of the child as the focus supporting overall healthy child development, school readiness and safe environments.
- Child care policies should support families to find and retain employment.
- Comprehensive approach to child care services should be encouraged.

Recommendations	Congress	Washington
Increase CCDF funding to respond to constituencies nationally and statewide, which have vigorously sought increased investments in child care.	×	
Maintain or expand TANF funding to continue incentives for states to make progress on welfare reform in the face of economic downturns, and to support the willingness of states to accept responsibilities under the block grant mechanism (which provides spending protection to the federal government while providing flexibility to states).	×	
Maintain states' current flexible access to TANF funding for child care services.	×	
Maintain maximum flexibility in use of CCDF and TANF funds by states.	×	
Establish a new format for setting reimbursement rates for caregivers based on the True Cost of Care. Failing that option, Congress should reinstate the requirement for states to pay at a minimum percentile of the market rate. Make that minimum the 80 th percentile.	×	
Provide resources to design and implement a new structure for financing the early childhood and out-of-school time systems, with a 10-year, system-wide focus.	×	×
Increase the amount and effectiveness of the minimum 4% quality set-aside by providing sufficient resources and stability to ensure quality care for families across all income levels (raise the min. level from 4% to 16%).	×	×
Improve access to and acceptance of subsidies by: <ul style="list-style-type: none"> • Raising eligibility limits; • Revising co-payments so they do not exceed 10% of family income; and • Removing other barriers to families while maintaining the commitment to parental choice and equal access. 	×	×
Support capacity building for providers/caregivers and facility improvements or enhancements.	×	×
Provide resources and/or incentives for wage progression and other compensation for caregivers.	×	×
Simplify federal reporting requirements.	×	
Increase child care subsidy outreach efforts to eligible families through existing outlets like Child Profile.		×
Improve the quality of licensed exempt options to enhance parental choice and to improve the quality of this type of care.	×	×
Value higher education and work as equal for TANF participation, and expand vocational education allowed from 1 year to 2 years.	×	×
Exempt mothers of infants birth through 12 months from TANF work requirements.	×	×

Methodology

The WA State Child Care Resource & Referral Network was invited, in May 2001 by the Center for Law and Social Policy (CLASP) in Washington, DC, to provide an understanding of what has been accomplished in Washington State child care programs since 1996 and to identify key issues now being faced in the areas of availability, affordability, quality, and linkages to other aspects of the early childhood system. Washington is one of five states for which similar reports are being prepared for CLASP through funding from the Ford Foundation.

CLASP provided a specific list of questions to be answered in each state. To respond to the questions, the WA State Child Care Resource & Referral Network conducted the following activities:

- I. Conducted background interviews with parents, licensed child care providers, Head Start and state Pre-K programs and national child care experts as well as key statewide advocates, policy leaders and organizations during July, August and September 2001. The organizational list of those interviewed includes (but is not limited to) the following:
 - Statewide Poverty Action Network
 - Child Care Coordinating Committee (Full Committee)
 - Child Care Coordinating Committee, Subsidy Subcommittee
 - Child Care Coordinating Committee, Systems Subcommittee
 - Child Care Coordinating Committee, Steering Committee
 - Child Care Works for Washington
 - Early Childhood Collaborative
 - School's Out Washington
 - City of Seattle (including representatives from the Northwest Finance Circle, Project Lift-Off, and the Child Care Subsidy Program)
 - Washington State Family Child Care Association
 - Children's Alliance
 - Family Support Washington
 - University of Washington, Human Services Policy Center
 - The U.S. Department of Health and Human Services, Administration of Children and Families, Child Care Bureau
 - The Governor's Office of Executive Policy
 - Washington State Family Policy Council
 - Washington State Department of Social and Health Services, Division of Child Care and Early Learning
 - Washington State Department of Social and Health Services, Division of Research and Data Analysis
 - The Governor's Head Start-State Collaboration Project
 - Washington State Department of Health, Child and Adolescent Health
 - Washington State Department of Health, Children with Special Health Care Needs Project
 - Washington State Department of Community, Trade and Economic Development (which administers the State Pre-K program, ECEAP, and the State Head Start Match Program)
 - Office of the Superintendent of Public Instruction

2. Sponsored a meeting on August 6, 2001 for key players from all sectors of the child care system in Washington State. Those who attended worked in small groups to provide their perspective on the CLASP questions. They also provided information on additional sources of information. Attendees included representatives from:
 - Washington State Department of Social and Health Services, Division of Child Care and Early Learning
 - The State Board for Community and Technical Colleges
 - The Association of Head Start and Early Childhood Education and Assistance Programs
 - Child Care Works for Washington
 - Hopelink
 - Welfare Rights Organizing Coalition
 - Fair Budget Action Campaign
 - Various community-based Child Care Resource and Referral programs from across the state
 - Child care providers (both family child care homes and centers)

3. Sent a questionnaire on August 7 to the eighteen community-based child care resource and referral agencies in the state asking for their perspective on selected CLASP questions. Eleven agencies responded. The responses to this survey offered insights into the type of information that parents and caregivers share with local child care resource and referral staff on how the child care system impacts their lives and businesses.

4. Collected data, newspaper articles and background reports, including:
 - Child Care Coordinating Committee Annual Reports for each year 1994-2000
 - Children with Special Needs—Subsidy Rate Reports
 - Washington State's Child Care Subsidies: Helping Families Succeed
 - Children's Defense Fund—State Developments reports for all years 1994-2000
 - Washington State's WorkFirst Welfare Reform Program: A Failure in Promoting Upward Mobility and Reducing Poverty for Washington's Poorest Families
 - Washington State Child Care Resource & Referral Network Annual Child Care Supply and Demand Data Reports for each year 1994-2000
 - Washington State Child Care Resource & Referral Network Annual County Data Profiles for each year 1994-2000
 - DSHS, Child Care Quality Enhancement Systems Grant Report
 - CLASP reports on welfare spending in Washington State
 - Urban Institute: Assessing the New Federalism Project (various reports from this series)
 - A Study of Washington State's TANF Leavers and TANF Recipients, 1999
 - A Study of Washington State's TANF Leavers and TANF Recipients, 2000
 - Non-Standard Work Hour Child Care Project Report
 - The State of Washington's Children (WA State Kids Count Project)
 - Seattle Times Newspaper Articles "Most Parents Who Leave Welfare Still Live in Poverty", June 27, 2001
 - Seattle Times Newspaper Article "Family-aid Program Cut. State Reduces Number of Slots for Needy Children in Preschool"

5. Prepared a draft of the CLASP report in late August. Elizabeth Bonbright Thompson wrote the report, based on input, data and information collected from all previously mentioned sources and on her experience and knowledge of the Washington State child care system.
6. Sponsored a meeting in the state capitol on September 17 with key legislative and executive representatives to seek comments on the draft report and gather input on key policy issues.
7. Met with fiscal and policy staff of the Office of Financial Management, the executive budget agency for Washington State, to obtain accurate financial information and general input for the report.
8. Circulated a final draft of the report to a small, but diverse group of statewide community child care and out-of-school time care advocates and public policy leaders for review and comment.
9. Verified data and fiscal information with appropriate state entities.
10. Incorporated comments received from community reviewers, state administrators and CLASP into final report.

Copay Calculation Table, Effective 4-1-01

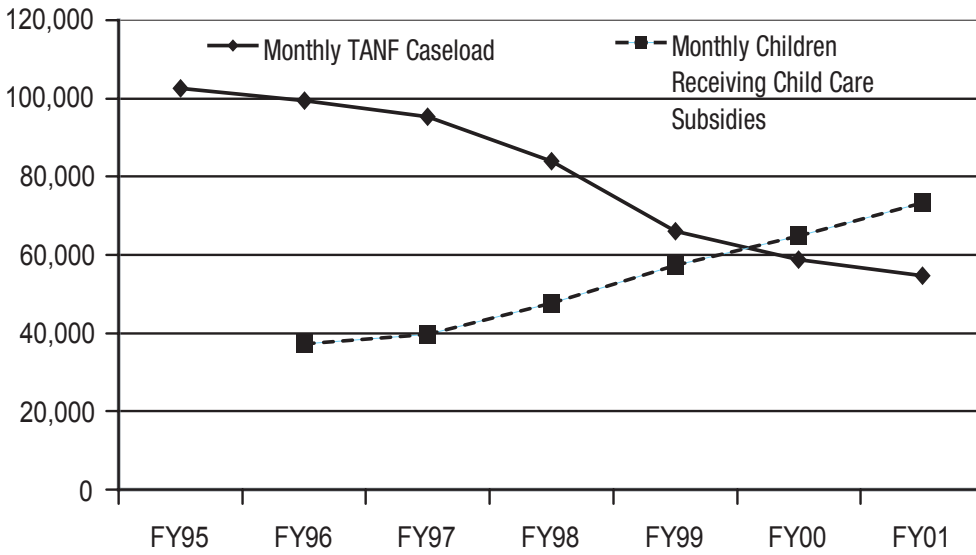
If family size is	If Countable Income is					Over 225% FPL
	0 to 82% FPL	Over 82% to 137.5% FPL	Over 137.5% to 225% FPL	137.5% FPL	Over 225% FPL	
1	0.00	\$587	\$588	\$984	\$985	\$1,611
2	\$0.00	\$793	\$794	\$1,331	\$1,332	\$2,178
3	\$0.00	\$999	\$1,000	\$1,676	\$1,677	\$2,743
4	\$0.00	\$1,206	\$1,207	\$2,022	\$2,023	\$3,310
5	\$0.00	\$1,412	\$1,413	\$2,369	\$2,370	\$3,877
6	\$0.00	\$1,618	\$1,619	\$2,714	\$2,715	\$4,442
7	\$0.00	\$1,825	\$1,826	\$3,060	\$3,061	\$5,009
8	\$0.00	\$2,031	\$2,032	\$3,407	\$3,408	\$5,576
9	\$0.00	\$2,238	\$2,239	\$3,753	\$3,754	\$6,143
10	\$0.00	\$2,445	\$2,446	\$4,100	\$4,101	\$6,710
	\$10 COPAY		\$20 COPAY		Subtract 137.5 of FPL from countable income, then multiply by .44 and add \$20	Parents Pay Full Cost

STEPS TO CALCULATE WORKING CONNECTIONS CHILD CARE ELIGIBILITY AND COPAYMENT:

1. Determine TOTAL income. This is the sum of all gross earned and unearned income.
2. Determine COUNTABLE income. This is TOTAL income minus any child support PAID OUT.
3. Compare COUNTABLE income to Column 6. If amount is greater; client is not eligible.
If COUNTABLE income is below column 6 then check column 2, 3 or 4 for correct income range and co-payment.

Source: Washington State Department of Social and Health Services, Economic Services Administration

Monthly TANF Caseload vs. Monthly Children Receiving Child Care Subsidies



Notes:

The information on TANF cases comes from Income Assistance, Social Services and Medical Assistance (The DSHS Bluebook). It represents the average monthly caseload for each fiscal year.

The information on Children Receiving Child Care Subsidies comes from the Social Service Payment System. Roughly 85% of the subsidized populations is participating in Working Connections Child Care. Programs such as seasonal, Child Protective Services, Child Welfare Services, Adoption Support, and Food Stamps are included in these numbers.

Data are average number of children served each fiscal year.

