



BILL BRIEF

SB 5237 – Fair Start for Kids Act

Key provisions

- Establishes the Fair Start for Kids Account and expands the Early Learning Advisory Council
- Increases eligibility and decreases copayments in the Working Connections Child Care program (WCCC) and expands eligibility in the Early Childhood Education and Assistance Program (ECEAP).
- Increases reimbursement rates for WCCC and ECEAP, and provides additional training, grants, and services for childcare and early learning providers.
- Increases supports for families of children from birth to age three, as well as for their providers.

Portions of this brief have been reproduced from legislative materials.

Background

The childcare industry is essential to the economy, however Washington State's market is heavily impacted by a variety of factors including: minimum wage hikes, low reimbursement rates, overregulation/licensing requirements, lack of infant care, lack of rural access, and childcare "deserts."

The COVID-19 pandemic has only exacerbated the financial burdens and uncertainty providers are experiencing. Many have closed or eliminated subsidized care slots all while there is a lack of new providers entering the market.

Working families continue to struggle to find affordable, quality care for their children.

Working Connections Child Care (WCCC) is a federally and state-funded program that provides childcare subsidies to families with incomes at or below 200% of the federal poverty level (FPL), which is about \$53,000 a year for a family of four. The state pays part of the cost of childcare when a parent is working or participating in approved work-related activities. Depending on income, families may be required to pay a copayment to their provider.

The **Early Childhood Education and Assistance Program (ECEAP)** is the state's voluntary preschool program. It is available to three- and four-year-olds from families with incomes at or below 110% FPL (about \$29,150 a year for a family of four). Children with special needs or certain risk factors are eligible to enroll regardless of income, and ineligible children who meet certain specified criteria may enroll if space is available. In the 2022-23 school year, ECEAP will become an entitlement for eligible children.

Key messages

Childcare providers and the families they serve are in crisis right now. This bill includes important medium- and long-term investments but doesn't do enough to help facilities that are on the brink of closing.

The National Institute for Early Education Research (NIEER) ranks [Washington State](#) 4th in the nation in **per child preschool spending** and 38th in **preschool access** (2019 State of Preschool Report). Our state should examine its high-cost delivery model before significantly expanding these services.

This state is a hard place to do business – overregulation, high minimum wage, and low reimbursement rates have impacted capacity, particularly in suburban and rural areas. We need to work with our providers to reduce unnecessary regulations and eliminate barriers to entry to ensure families can actually access the childcare services they desperately need.

This bill is expensive and intended to be funded by a new tax on capital gains. This tax is volatile, has been rejected by the voters 10 times, and has been twice declared unconstitutional by the State Supreme Court.

Bill Status as of April 25, 2021: Passed Legislature.

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What this legislation does

- Establishes the Fair Start for Kids Account with a non-exhaustive list of 27 spending goals, including:
 - Increasing childcare and early-learning workers' compensation and health-care coverage.
 - Providing professional development for childcare and early-learning providers.
 - Supporting data collection and IT systems for the Department of Children, Youth & Families (DCYF).
 - Providing start-up grants for new providers opening subsidized childcare and early-learning slots.
- Expands membership to the Early Learning Advisory Council (up to 49 members) and directs the council to make recommendations to the legislature on early learning and childcare policy and expenditures.
- Expands eligibility for both, the Working Connections Child Care program (WCCC) and the Early Childhood Education and Assistance Program (ECEAP), through income and added populations.
 - Both programs will now determine eligibility based on State Median Income (SMI) instead of FPL.
 - For WCCC, by July 2027, families making up to 85% SMI (about \$87,400 for a family of 4) will qualify.
 - For ECEAP, by July 2030, families making up to 50% SMI (about \$51,000 for a family of 4) will qualify.
- Delays the ECEAP entitlement date to the 2026-27 school year with a sizeable expansion population qualifying for the entitlement in the 2030-31 school year.
- Increases reimbursement rates for WCCC and ECEAP, and provides additional training, grants, and services for childcare and early learning providers (dual-language grant, trauma-informed care supports, early childhood mental health consultation).
- Increases supports for providers and families of children from birth to age three, including making the Birth-to-Three ECEAP pilot program permanent.
- Creates various programs designed to help families with young children (i.e. peer support groups, play and learn groups, early therapeutic and preventative services, start-up grants for providers in childcare deserts, and educational opportunities).

Reasons to support

- Increasing reimbursement rates will help providers keep rates lower for private pay families who are ultimately subsidizing the cost of care for subsidy recipients.
- More low-income children will qualify to receive subsidized childcare and preschool.
- This bill increases supports for children that require extra services (i.e. disabilities, mental and behavioral health) or who are young (birth to three).

Reasons to oppose

- The bill is linked with the unconstitutional capital gains tax proposal making its way through the legislature.
- This bill does nothing meaningful to decrease burdensome regulations on childcare providers that ultimately drive up the cost of care for both subsidy and private pay clients.
- This bill attempts to move the state toward universal preschool while continuing to push private providers out of the market.
- The state has repeatedly extended the existing entitlement date due to capacity constraints and this bill would substantially expand the program before the underlying program has even been implemented.

Fiscal information

- Extremely expensive (could be about \$1.7 billion per biennium at full implementation) and expected to be at least partially funded by the volatile capital gains tax.
- Creates an unsustainable bow wave years in the future.

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