EARLY EDUCATOR DESIGN TEAM COST OF QUALITY CARE RATE MODEL RECOMMENDATIONS

Early Educator Design Team
Washington State Department of Children, Youth, and Families
Child Care Aware of Washington

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## EXECUTIVE SUMMARY

PROJECT BACKGROUND

The Fair Start for Kids Act charged the Washington State Department of Children Youth and Families (DCYF) with developing a proposed Cost of Quality Care Rate Model for Working Connections Child Care (WCCC) Subsidy. The purpose is to set subsidy rates based on the true cost of providing high-quality care instead of relying on the Market Rate Survey, which only reflects what families in the private market can afford to pay. The Washington State Legislature will ultimately be responsible for deciding whether, and to what extent, the proposed Cost of Quality Care Rate Model is funded.

The Child Care Collaborative Taskforce developed a Cost of Quality Care Estimation Calculator – a tool that calculates the cost for licensed child care centers and family homes to provide child care within our state based on the business expenses (cost drivers) necessary to provide that care (see graphic).

The Cost of Quality Care Rate Model takes the Cost Estimation Calculator and determines what rate the state should pay per child for subsidy to meet the true cost of providing high-quality care. In addition to business expenses related to the child care subsidy rate, the Cost of Quality Care Rate Model proposal will address supports for non-standard hours care, infant care, and special needs/complex needs care.
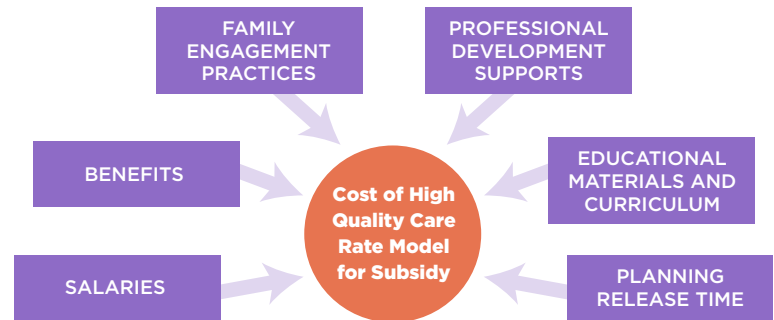
DCYF has also been charged by the Legislature to explore updating the rate regions for Working Connections Child Care subsidy. These updates would impact the rates paid to providers and is addressed in the recommendations of this report.

ABOUT THE EARLY EDUCATOR DESIGN TEAM AND THE USE OF LIBERATORY DESIGN

The Early Educator Design Team is a group of child care providers from across the state, representing centers and family homes in a variety of roles.

With public solutions to recruit and retain a thriving workforce, the Design Team's vision is for all families – beginning with those most in need – to have access to affordable, quality early care and education opportunities. Using the National Equity Project's Liberatory Design framework, with facilitation from Child Care Aware of Washington (CCA of WA), the Design Team centers the expertise and experience of those most directly impacted by workforce policies. The Design Team has built

community and consensus across diverse geographic locations; workforce roles; individual racial, ethnic, and linguistic identities; and programmatic characteristics. In fact, the Design Team's policy platform – and the collective decision to address workforce recruitment and retention through expanded access for families – has set the trajectory for a multiyear campaign by advocates across the state for universal early care and education for families and living wages for providers.

From May to October of 2023, the Design Team members, CCA of WA, and DCYF engaged in a Liberatory Design process to make recommendations for the cost selection points that should be used to build the Cost of Quality Care Rate Model as well as recommendations for updated county groupings for rate regions

EARLY EDUCATOR DESIGN TEAM RECOMMENDATIONS

Early educators have been underpaid and under resourced for too long. The current Working Connections Child Care subsidy rates do not reflect the true costs to operate a high-quality child care program, where early educators are fairly compensated for their essential work and are supported with other necessary resources, such as time, materials, and professional development opportunities. The Design Team recommends that the Cost of Quality Care Rate Model be built on the assumption of living wages for staff, a comprehensive benefits package, and resources for enhancements that support quality. **Based upon the combined decades of lived experience providing high-quality child care in Washington, the Design Team believes addressing the current crisis of wages and benefits to be the most urgent of these recommendations.** Specific recommendations for the assumptions for the variables to use in building the Cost of Quality Care Rate Model by cost driver are below.

Cost Drivers for Setting Child Care Subsidy Rates

SALARIES

- **Cost driver overview:** Estimated salaries for early education program staff as a component of estimating the cost of high-quality care.

- **Recommendation:** Living wages based upon the Massachusetts Institute of Technology (MIT) living wage scale is used to estimate costs related to salaries. Addressing the issue of early educator compensation is essential and urgent. Using the MIT living wage scale aligns salary cost projections with real data about what constitutes a living wage across the state, which can be updated to reflect changes over time.

BENEFITS

- **Cost driver overview:** Estimated costs for early education program staff benefits, as a component of estimating the cost of quality care. This cost driver includes multiple components reflecting a comprehensive benefits package.

- **Recommendation:** 40 total days per year of combined leave (vacation, sick, and holidays), employer contribution of 6% for retirement, and $9,000 in expenses related to discretionary benefits, such as health insurance, life insurance, etc. A robust benefits package for early educators is necessary to reduce staff turnover and burnout.

FAMILY ENGAGEMENT

- **Cost driver overview:** Estimated costs to cover staff time to conduct family engagement activities as a component of estimating the cost of quality care.

- **Recommendation:** Staff time for three conferences per year with recognition this is a method for estimating time spent; but family engagement practices vary according to program structure and family needs and may not take the form of formal conferences. The Design Team also recommends that the cost estimate assumes a family engagement specialist staff position. Strong family engagement practices benefit children and families. Implementing them requires focused staff time.

PLANNING RELEASE TIME (additional hours of classroom support)

- **Cost driver overview:** Estimated cost to provide coverage for teachers to engage in dedicated planning time, while not directly responsible for children, as a component of estimating the cost of quality care.

- **Recommendation:** Salary and benefits for a part-time assistant in family child care, and 16 hours per week of staff time per classroom in center-based care. Time for teachers to engage in planning will support high-quality care for children that results in improved child outcomes.

EDUCATIONAL MATERIALS AND CURRICULUM

- **Cost driver overview:** Estimated cost to purchase educational materials, such as child assessment tools and curriculum, as a component of estimating the cost of high-quality care.

- **Recommendation:** $100 per child + curriculum support at the rate of $1,500 per family for child care and $3,000 annually per classroom for child care centers. High-quality child assessment tools and curriculum support the delivery of high-quality care for children. Purchasing and implementing these tools requires adequate resources.

PROFESSIONAL DEVELOPMENT SUPPORTS

- **Cost driver overview:** Estimation of costs related to provider coverage time for early educators to participate in professional development activities as a component of estimating the cost of high-quality care.

- **Recommendation:** 20 hours of staff time per year so early educators can participate in professional development activities that support skill development and engagement with the early educator professional community.

Rate Enhancements

The Design Team recommends increased rate enhancements for infant care and nonstandard hours care in recognition of the unique costs associated with serving these populations, and barriers within the current system of supports for special needs/complex needs care continue to be explored and addressed.

Rate Regions

The Design Team recommends counties are grouped into rate-regions based on where they fall on the Cost-of-Living Index, so rates are set based upon actual real costs in those counties rather than on geographics alone. The Design Team recommends counties be categorized into 6 rate-regions (page 23).

For more information, including cost projections, see the full Cost of Quality Care Rate Model Recommendations Report (page 7).

Early Educator Design Team Recommendation Summary:

Developing the Cost of Quality Care Rate Model

Fall 2023

PROJECT BACKGROUND

The Fair Start for Kids Act charged the Washington State Department of Children Youth and Families (DCYF) with developing a proposed Cost of Quality Care Rate Model for Working Connections Child Care Subsidy (WCCC). The purpose is to set subsidy rates based on the true cost of providing high-quality care instead of relying on the market rate survey, which only reflects what families in the private market can afford to pay. The Washington State Legislature will ultimately be responsible for deciding whether, and to what extent, the proposed Cost of Quality Care Rate Model is funded.

The Cost of Quality Care Rate Model will be built using the Cost of Quality Care Estimation Model calculator developed by the Child Care Collaborative Taskforce, which is a set of excel-based tools to model the cost for licensed child care centers and family homes to provide child care within our state context, taking into account differences associated with program size, location, and service model. These costs are based on data gathered during the Cost of quality Care Survey conducted in 2022 by Prenatal to Five Fiscal Strategies and include fixed operating costs (including rent/mortgage) and additional variable costs that drive high quality child care. These high-quality child care cost drivers include:

- Salaries
- Benefits
- Family engagement practices
- Professional development supports
- Education materials and curriculum
- Planning release time
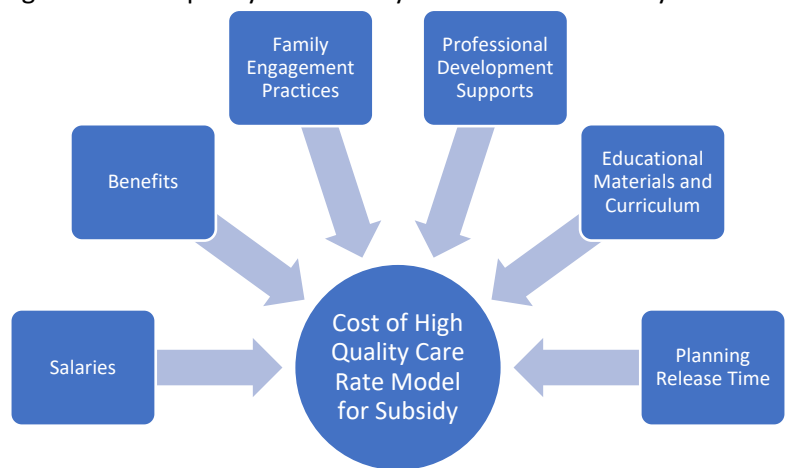
Within each cost driver category, the Cost of Quality Care Estimation Model calculator includes cost projections for different options, called "selection points." A key question in developing the Cost of Quality Care Rate Model for subsidy is which selection point for each cost driver should be used as an assumption to build Cost of Quality Care Rate Model.

The selection points are used as a way of estimating cost so that the Cost of Quality Care Rate Model accurately reflects the costs that child care programs face to provide high quality care. The selection points are proxy measures for estimating costs, not requirements for how programs should operate. Child care programs decide how to allocate the funding received through child care subsidy based upon their program context and the needs of the families they serve. Child care providers receiving child care subsidy are required to reach a level 3 in Early Achievers and there are a variety of ways to earn the points to attain level 3. Early Achievers is Washington's Quality Rating and Improvement System and has 5 levels.

In addition to cost drivers related to the child care subsidy base rate, the Cost of Quality Care Rate Model proposal will address unique costs associated with:

- Non-standard hours care (before 6:00am or after 6:00pm)
- Special needs care
- Infant care

DCYF has also been charged by the legislature to explore updating the rate regions for Working Connections Child Care subsidy. RCW 43.216.749 directs DCYF to consider "Adjusting rates to reflect cost living such as area median income, cost of living by zip code, and grouping by categories such as rural, suburban, or urban."

ABOUT THE EARLY EDUCATOR DESIGN TEAM AND THE USE OF LIBERATORY DESIGN

With public solutions that recruit and retain a thriving workforce, the Design Team's vision is that all families – beginning with those most in need – have access to affordable, quality early care and education opportunities. Using the National Equity Project's Liberatory Design framework, with facilitation from Child Care Aware of Washington (CCA of WA), the Design Team centers the expertise and experience of those most directly impacted by workforce policies. The Design Team has built community and consensus across diverse geographic locations; workforce roles; individual racial, ethnic, and linguistic identities; and programmatic characteristics. In fact, the Design Team's policy platform – and the collective decision to address workforce recruitment and retention through expanded access for families – has set the trajectory for a multiyear campaign by advocates across the state for universal early care and education for families and living wages for providers.

Race/Ethnicity		Geographic Region		Primary Language		Professional Role		Program Characteristics	
Black	6	King & Pierce	8	English	16	FCC owner	7	Accepts subsidy	19
White	7	Northwest	3	Spanish	6	FCC assistant	1	Offers non-standard hours care	4
American Indian	2	Central	8			Center director	12	Located in primary school (2 public, 2 private)	4
Latinx	7	Peninsula	3			Center teacher	3	Has multiple sites	6
Asian American	2	Southwest	2			FFN	1	Offers ECEAP or HS	3

From May to October of 2023, the Design Team members, CCA of WA, and DCYF engaged in a Liberatory Design process to make recommendations for the cost selection points that should be used to build the Cost of Quality Care Rate Model as well as recommendations for updated county groupings for rate regions. The group met nine times in addition to a 2-day retreat.

The group actively used the Liberatory Design Mindsets and Modes to build relationships and trust and to co-design a set of recommendations and work through their equity challenge.

> Early Educator Design Team Equity Challenge
>
> "Early learning providers, who are predominantly Women of Color and/ or immigrants and refugees, are unable to earn a living wage as a result of an existing broken market. This harms providers who are unable to make ends meet. Families are also harmed by this system in that they are unable to find the care they need because there is not an adequate supply of high quality child-care available."

This report summarizes recommendations of the Design Team in the following sections:

- Recommendations for each base rate cost driver.
- Estimated costs to implement a Cost of Quality Care Rate model based on the design team recommendations.
- Recommendations for subsidy rate enhancements to address unique costs associated with providing non-standard hours care, infant care, trauma informed care, complex needs care, and inclusion of children with special needs.
- Recommendations for updating the Working Connections Child Care subsidy rate regions to reflect the cost of living across the state.

COST OF QUALITY CARE LIBERATORY DESIGN PROCESS

NOTICE: Educators met in home groups to build relationship/trust; intentional community building and trust-building between DCYF and early educators; focused on mindsets –ie. Seek Liberatory Collaboration
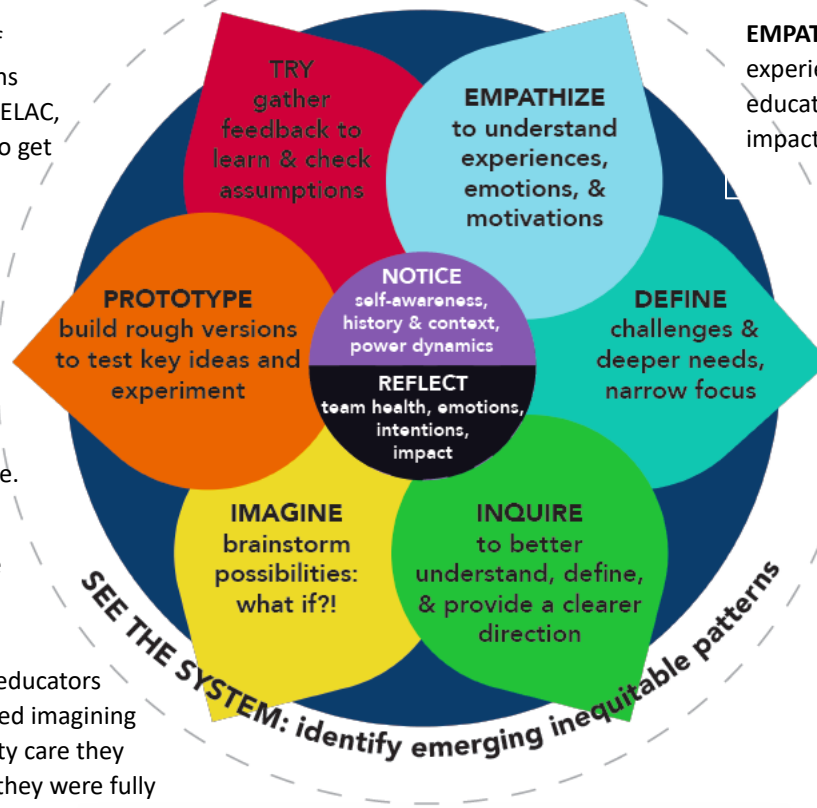
REFLECT: Consistent reflection on relationship building; meeting with interpreters and Spanish-speaking educators to practice Language Justice; periodic check ins with educators between meetings.

TRY: Share set of recommendations prototypes with ELAC, IPEL and DCYF- to get feedback.

EMPATHIZE: Listened to lived experiences from early educators as they discussed the impact of each cost variable.

PROTOTYPE:

1. Identify and design options within the cost model that will influence the rate.

2. Identify and recommend rate regions.

IMAGINE: Early educators routinely practiced imagining the kind of quality care they could provide if they were fully funded. This became an ongoing practice as they engaged in defining the recommendations**.**

DEFINE: The complexity of each cost variable was surfaced and then summarized into a recommendation. Early educators voted using a consensus model.

INQUIRE: When a specific cost variable was more complex, early educators would engage in more conversation to better understand the challenge, then notice and reflect in order to come to consensus.

TRY gather feedback to learn & check assumptions

EMPATHIZE to understand experiences, emotions, & motivations

PROTOTYPE build rough versions to test key ideas and experiment

NOTICE self-awareness, history & context, power dynamics

REFLECT team health, emotions, intentions, impact

DEFINE challenges & deeper needs, narrow focus

IMAGINE brainstorm possibilities: what if?!

INQUIRE to better understand, define, & provide a clearer direction

SEE THE SYSTEM: identify emerging inequitable patterns

SEE THE SYSTEM: Understand the Cost of Care Estimation Model and the Cost Variables (salaries, benefits, family engagement practices, professional development supports, planning release time, educational materials and curriculum, & inclusion supports). Understand the constraints that shape our design process.

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RECOMMENDATIONS SUMMARY FOR INDIVIDUAL BASE RATE COST DRIVERS

Salaries

- **Cost driver overview:** Estimated salaries for early education program staff as a component of estimating the cost of high-quality care. Positions included in the calculator are: center-based director, center-based assistant director, lead teacher, assistant teacher, and family child care owners. The costs for positions such as substitutes, floats, and aides are calculated at the same rate as an assistant teacher.

- **Options for projecting costs related to salaries included in the Cost of Quality Care Estimation Model calculator:**
  - Current salaries based on 2022 survey data (least expensive)
  - Reported ideal salaries based on 2022 survey data
  - WA Compensation Technical Workgroup Salary Scale
  - Living wage using the MIT living wage scale
  - Kindergarten teacher parity (most expensive)
- **Design Team recommendation for cost assumption related to salaries to use for building the Cost of Quality Care Rate Model:**
  - Living wage using the MIT living wage scale.

- **Rationale:**
  - Addressing the issue of early educator compensation is essential and urgent. Current low wages are contributing to staff turnover and burnout, which directly impacts both the availability and quality of care available to children and families.
  - Living wages for early educators were identified as a priority by the Child Care Collaborative Taskforce and in the Early Educator Policy Platform developed by the Early Educator Design Team in 2022.
  - Early educators need to be respected for the important work that they do.
  - Using the MIT living wage scale aligns salary cost projections with real data about what constitutes a living wage across the state.

- **Questions and Concerns:**
  - Need to clarify how cost of living increases will be addressed in implementation of the Cost of Quality Care Rate Model.

Benefits

- **Cost driver overview:** Estimated costs for early education program staff benefits as a component of estimating the cost of quality care. This cost driver includes multiple components reflecting a comprehensive benefits package.

- **Options for projecting costs related to benefits included in the Cost of Quality Care Estimation Model calculator:**

- Days per year of sick leave
  - The Design Team discussed options ranging from 0-20 days per year
- Days per year of vacation leave
  - The Design Team discussed options ranging from 0-20 days per year
- Employer retirement contributions as a percent of salary
  - The Design Team discussed options ranging from 0-6% of salary
- A dollar amount to capture other discretionary benefits such as health insurance, dental, vision, life insurance, etc.
  - The cost estimation calculator list the options as $6000 or $9000

- **Design Team recommendation for cost assumptions related to benefits to use for building the Cost of Quality Care Rate Model:**
  - 40 days per year of combined sick and vacation leave (the group did not believe it was necessary to specify the exact breakdown between sick and vacation leave for this purpose)
  - Employer retirement contribution of 6% of salary
  - $9,000 per employee for discretionary benefits

- **Rationale:**
  - Adequate sick and vacation leave is essential for reducing burnout and improving staff retention in child care programs.
  - Covid-19 continues to be a reality and can result in significant sick time for staff.
  - Retirement benefits are a critical component of early educator economic security and compensation.
  - Many early educators currently lack essential benefits such as health insurance and life insurance due to cost barriers. The assumed cost of $9,000 per employee would be an improvement, but even that may not reflect the true cost of these important benefits.

- **Questions and Concerns:**
  - Access to paid sick and vacation leave is not only a question of cost. For family homes and small centers, coverage to continue to provide care while they are out is a challenge. In many cases they must either close or find a substitute, which is difficult for small centers and family homes that don't have a large staff to draw from.
  - There are questions and concerns regarding benefits that go beyond what costs we include in building the Cost of Quality Care Rate Model for subsidy.
    - Life insurance is an important need. This is one of the expenses that a child care provider could decide to spend what they receive through increased child care subsidy rates. There may be other barriers, such as life insurance companies being unwilling to sell policies to individuals as opposed to groups.
    - While increasing the child care subsidy rate will help early educators to be able to afford health insurance premiums, there is still an important need for support accessing health insurance.
    - Access to Paid Family Medical Leave is necessary for longer absences due to health or family needs. Some early educators who are operating independently

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are experiencing barriers to accessing the Washington State PFML program. Self-employed individuals must opt-in to employee benefits programs like PFML and unemployment compensation in order to participate and make contributions. Increased efforts to support early educator awareness about available benefits and how to navigate enrollment may be necessary.

Family Engagement

- **Cost driver overview:** Estimated costs to cover staff time to conduct family engagement activities as a component of estimating the cost of quality care. For conferences, the cost estimate is for the time for a substitute or float staff to cover for a teacher engaged in family conferences. The cost estimate for a family engagement specialist staff position is based on the cost to have dedicated staff capacity for family engagement activities.

- **Options for projecting costs related to family engagement included in the Cost of Quality Care Estimation Model calculator**:
    - 1 conference per year
    - 2 conferences per year
    - 3 conferences per year
    - 3 conferences per year + family engagement specialist staff position
- **Design Team recommendation for cost assumption related to family engagement to use for building the Cost of Quality Care Rate Model**:
    - 3 conferences per year + family engagement specialist staff position

- **Rationale:**

    - Family engagement is an important component of high-quality care.

    - Early educators would like to be able to do more in terms of family engagement, but current resources limit what is feasible.

    - Teachers already work full time. Conducting family conferences can push teachers into overtime. Staff capacity to support release time for conferences is needed.

    - Dedicated staff capacity for family engagement in the form a standalone family engagement specialist position or as a part of a staff member's time would allow programs to engage with families more deeply, particularly when a child and family are experiencing a need for substantial support.

- **Questions and Concerns:**
    - The ways that programs implement family engagement practices vary based upon the needs and priorities of the families they serve. For the purposes of estimating costs, the assumption of 3 conferences per year is used, however, that should be understood to be a tool for estimating time spent, not a directive on how family engagement needs to take place in practice.
    - An important piece of family engagement is discussing areas of concern related to children's development and referring families to services. Lack of access to mental

health services due to long wait lists or the necessity for families to drive long distances for appointments is a barrier to families accessing the services their children need.

- o While design team members see value in having dedicated staff capacity (whether as a standalone position or as a part of a staff member's time) for family engagement, there are questions within the group about how dedicated staff time would work in practice for smaller centers and family homes.
- o Early educators are burned out. We need to take care of them so that they can take care of families. Addressing the issue of salaries and benefits is essential for reducing burn out and increasing employee retention, both of which support high-quality family engagement.

Planning Release Time

- **Cost driver overview:** Estimated cost to provide coverage for teachers to engage in dedicated planning time while not directly responsible for children as a component of estimating the cost of quality care. The cost estimate relates only to the additional cost of the staff providing coverage in the classroom, the cost of the teacher's time is assumed in base salary projections.

- **Options for projecting costs related to planning release time included in the Cost of Quality Care Estimation Model calculator**:
  - o Licensed Family Homes:
    - ▪ 0
    - ▪ Salary and benefits for part time assistant
    - ▪ Salary and benefits for a full time assistant
  - o Licensed Centers
    - ▪ 0 hours/week/classroom
    - ▪ 8 hours/week/classroom
    - ▪ 16 hours/week/classroom
    - ▪ 24 hours/week/classroom

- **Design Team recommendation for cost assumptions related to planning release time to use for building the Cost of Quality Care Rate Model:**
  - o Salary and benefits for a part time assistant in family child care.
  - o 16 hours per week per classroom in center-based care.

- **Rationale:**
  - o Time for teachers to engage in planning supports the provision of high-quality care for children that results in improved child outcomes.
  - o Current resource restrictions limit the amount time that early educators have available to engage in planning and puts pressure on teachers to do this important work off the clock.

- **Questions and Concerns**
  - o Successful implementation of planning release time depends on programs being able to hire and retain adequate staffing. Hiring for part-time positions can be challenging.

<u>**Education Materials and Curriculum:**</u>

- **Cost driver overview: Estimated cost to purchase education materials such as child assessment tools and curriculum as a component of estimating the cost of high-quality care.**

- **Options for projecting costs related to education materials and curriculum included in the Cost of Quality Care Estimation Model calculator**:
    - $0
    - Child assessment ($50) + curriculum support
    - Child assessment ($75) + curriculum support
    - Child assessment ($100) + curriculum support

    In addition to the per child amount for assessment, curriculum support is estimated at $1500 for family child care homes and at $3000 per classroom for child care centers. These and the above costs are an estimation of costs associated with assessments and curriculum which providers may implement in a variety of ways in practice.

- **Design Team recommendation for cost assumptions related to education materials and curriculum:**
    - Child assessment ($100) + curriculum support

- **Rationale:**
    - High quality child assessment tools and curriculum support the delivery of high-quality care for children by providing early educators and families with critical information about a child's development and growth. High quality child care leads to improved child outcomes. Insufficient resources can be a barrier to child care programs in purchasing and implementing these tools.
    - Assessment also supports effective family engagement as results are shared with families during conferences and other connection points.

- **Questions and Concerns:**
    - N/A

<u>**Professional Development Supports**</u>

- **Cost driver overview:** Estimation of costs related to provider coverage time for early educators to participate in professional development activities as a component of estimating the cost of high-quality care. The cost of the time of the staff member engaging in the professional development activity is addressed as a part of their assumed base salary, this cost driver reflects the cost of additional staffing/substitute coverage.

- **Options for projecting costs related to education materials and curriculum included in the Cost of Quality Care Estimation Model calculator**:
    - 10 hours per year annually
    - 15 hours per year annually
    - 20 hours per year annually

- **Design Team recommendation for cost assumptions related to education materials and curriculum:**
    - 20 hours per year annually

- **Rationale:**
    - Early educator participation in professional development activities supports skill development and the sense of engagement with the early educator professional community.

- **Questions and concerns:**
    - Staff time is not the only cost associated with participation in professional development activities, there are often also expenses associated with things like registration fees.
    - The impact of professional development and the interest of early educators to participate in it depends on the availability of high-quality, linguistically relevant professional development offerings.
    - Early educator staff desire to participate in professional development is dependent upon viewing themselves as respected professionals - addressing the issue of salaries and benefits is necessary for this to happen.

Overarching Recommendation:

Early educators have been underpaid and under resourced for too long. The current Working Connections Child Care subsidy rates do not reflect the true costs to operate a high-quality child care program in which early educators are fairly compensated for the essential work that they do and supported with other resources such as time, materials, and professional development opportunities necessary to deliver high quality care for children and families. The Design Team recommends that the Cost of Quality Care Rate Model be built on the assumption of living wages for staff, a robust benefits package, and resources for enhancements that support quality. Based upon the lived experience of its members, the Design Team believes addressing the current crisis of wages and benefits to be the most urgent of these recommendations.

Cost of Quality Care Rate Model Cost Projections

We can estimate the cost to implement a Cost of Quality Care Rate Model built upon the recommendations of the Design Team. This is an estimate based upon the current version of the Cost of Care Estimation Model calculator, which uses data from the 2022 Cost of Care survey and uses the CCA of WA regions for the purposes of estimating costs by geography. The CCA of WA regions are not the same as the current Working Connections Child Care subsidy rate regions. The Child Care Collaborative Task Force made the decision to use the Child Care Aware of Washington regions when designing the cost estimation calculator based on the belief that these regions more accurately reflected differences in costs by geography than the current Working Connections Child Care subsidy rate regions.

The actual cost to implement the Cost of Quality Care Rate Model will be based upon the results of the next Cost of Care survey to be conducted in early 2024. In addition to collecting up to date cost information, the 2024 Cost of Care Survey will reflect changes to the county groupings for rate regions.

The rates listed below are provided only as an example of rates using the calculator and are not the recommended regions moving forward. These rates are based on the recommendations of the Design Team and the rate regions are based on the initial cost study that was completed by CCA of WA at the recommendation of the Child Care Collaborative Task Force.

Centers

Projected Licensed Center Cost of Quality Care Rate Table[1]				
	Infants	Toddlers	Preschool	School-age[2]
Eastern	$3051	$2344	$2061	$1408
Central	$3029	$2328	$2048	$1400
Northwest	$3324	$2544	$2232	$1519
King	$3767	$2869	$2509	$1700
King/Pierce	$3591	$2740	$2399	$1628
Southwest	$3179	$2438	$2141	$1461
Olympic Peninsula	$3185	$2442	$2145	$1463
Statewide Average	$3466	$2648	$2321	$1577

Licensed Centers (Current WCCC Subsidy Rates)				
	Infants	Toddlers	Preschool	School-age
Region 1	$1365	$1235	$1170	$1174
Region 2	$1300	$1080	$985	$720
Region 3	$1949	$1768	$1595	$1440
Region 4	$2500	$2235	$1885	$1994
Region 5	$1596	$1408	$1227	$1192
Region 6	$1694	$1485	$1270	$1105

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[1] Assumptions: Center rate calculations are based on a center of 72 children with 1 classroom of each age group. This table is build using a 9% inflation from January 2022 data gathering, 85% enrollment, and 3% bad debt.

[2] This cost projection is based on full time care, authorization would generally be part-time care during the school year.

Family Child Care Homes

Licensed Family Homes - Design Team Recommendations[3]				
	Infants	Toddlers	Preschool	School-age
Eastern	$2835	$2134	$1690	$1432
Central	$2798	$2106	$1713	$1413
Northwest	$3108	$2339	$1877	$1569
King	$3521	$2649	$2126	$1777
King/Pierce	$3582	$2753	$2255	$1923
Southwest	$2956	$2224	$1785	$1493
Olympic Peninsula	$2955	$2224	$1785	$1492
Statewide Average	$3269	$2508	$2051	$1747

Licensed Family Homes (Current WCCC Subsidy Rates)				
	Infants	Toddlers	Preschool	School-age
Region 1	$1083	$1036	$880	$805
Region 2	$1452	$1300	$1056	$880
Region 3	$1430	$1300	$1192	$1083
Region 4	$1800	$1650	$1517	$1320
Region 5	$1300	$1300	$1083	$975
Region 6	$1300	$1210	$1166	$990

[3] Assumptions: Family Home rate calculations are based on rates set by maximum capacity by age group. 6 Infants, 8 Toddlers, 10 Preschool, or 12 School-age. School-age costs are assigned at 100% to provide costs for full-day care. This table is build using a 9% inflation from January 2022 data gathering, 85% enrollment, and 3% bad debt.

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Hold Harmless Recommendation: The Design Team strongly recommends that in the event that the projected rate under the new Cost of Quality Care Model, following updated data collection for any age group or region, is below current subsidy rates, that the rate be held harmless and that no rates are decreased as a result of this project.

CHILD CARE SUBSIDY RATE ENHANCEMENTS

Non-Standard Hours Care

- **Overview:** DCYF currently offers a Non-Standard Hours Rate Enhancement of $135 per child, per month when a child participated in 30 or more hours of non-standard hours care (before 6:00am or after 6:00pm). The DCYF decision package for the 2024 legislative session requests increasing this amount to $500 per child, per month. The Design Team discussion focused on whether a rate enhancement would still be needed once the Cost of Quality Care Rate model is in place, why, and what would be needed.

- **Design Team recommendation:** Continue to have a rate enhancement for non-standard hours care with implementation of the cost of quality care rate model because the rate model does not capture the full costs of caring for children during non-standard hours.
    - Additional ideas for improvement:
        - Pay based on enrollment for non-standard hours care rather than attendance
        - Reduce the requirement for the number of hours of non-standard hours care required to receive the enhancement (currently is 30 hours per month)

- **Rationale:** Families depend on non-standard hours care, particularly those working in agriculture. In the absence of access to high quality non-standard hour care, there is increased risk that, out of parental necessity, children will be placed in unsafe situations, such as accompanying parents to work. Providers face barriers to providing non-standard hours care. The cost model is different for providing this care because the number of children in non-standard hours care usually does not reach full enrollment.

- **Questions and Concerns:**
    - While a $500 rate enhancement would help, it still would not address the true cost of staffing non-standard hours care.
    - Many providers provide non-standard hours care (such as starting early to meet the needs of agricultural workers) but it's not enough to hit the requirement of 30 hours to qualify for the rate enhancement.
    - The fact the qualifying 30 hours is based upon attendance rather than enrollment is a barrier. If a child is registered for those non-standard hours, the provider is there and ready to serve them regardless of whether they arrive that day.
    - Providing the non-standard hours of care that families need should not come on the backs of the workforce. It's not sustainable for providers to work extended hours, particularly in the absence of adequate compensation.

Infant Care (birth through 11 months)

- **Overview:** DCYF currently pays an Infant Rate Enhancement of $90 per child, per month. The DCYF decision package for the 2024 legislative session requests increasing this amount to $500 per child, per month. The Design Team discussion focused on whether a rate enhancement would still be needed once the Cost of Quality Care Rate model is in place, why, and what would be needed.

- **Design Team recommendation:** Continue to have a rate enhancement for infant care with implementation of the cost of quality care rate model because of the unique costs beyond meeting licensing ratios associated with serving infants and the importance of incentivizing providers to offer infant care.

- **Rationale:** There are a variety of increased expenses associated with serving infants, such as equipment which needs to be replaced frequently, special food needs, diapers, etc. There is currently an insufficient supply of infant care, making it necessary to have incentives in place to increase the number of providers offering it.

- **Questions and Concerns:**
    - Serving a mix of preschoolers and infants/toddlers is an important part of how child care providers make the business model of serving infants work. Expansion of transitional kindergarten threatens to disrupt this balance by pulling preschool slots out of child care settings. This raises questions about what will be needed to make the business model work if serving a greater proportion of younger children in the future.
    - Many providers make the business model of serving infants work. Losing pre-k slots to the expansion of transitional kindergarten threatens this business model and raises questions about what would need to be in place to make a business model work focused on serving a greater proportion of younger children.
    - Many providers (esp. FCC) don't serve the maximum number of infants that they are technically allowed to under licensing, because it doesn't feel feasible in practice. Extra dollars could support additional staffing to make serving more infants feel feasible.

Special Needs/Complex Needs Care

- **Overview**: There are currently two main sources of funding support for special needs/complex needs care in child care:
    - **Special Needs Enhanced Rate:** When families enroll in child care subsidy, they can indicate that their child has special needs. Families are then sent two forms that they must return in order for the enhanced rate to be approved: a medical provider form certifying diagnosis and child care provider form indicating how they will support the child. Currently, between 2-3% of families who indicate special needs at subsidy enrollment complete the forms necessary for the enhanced rate to be approved. If approved, the enhanced rate currently ranges from between $5-$15.89 per hour based on the intensity of support needed (i.e. extra staff time).

    - **Complex Needs Fund**: The complex needs fund is intended to promote inclusive, least restrictive environments and support providers serving children with developmental delays, disabilities, behavioral needs, or other unique needs. Licensed child care providers can apply for grants of between $5000-$100,000. Funding is awarded through

a competitive grant process. To be eligible, providers must have children currently enrolled in their care who have behavioral needs, developmental delays, disabilities, or other unique needs. Grants can be used for:

- Adding staff members or increasing current staff hours
- Therapeutic services
- Facility improvements to comply with ADA accessibility requirements or behavioral needs
- Supportive and adaptive materials and equipment

Most applicants use complex needs funds for staffing. DCYF has received far more requests for funding than is available.

The Design Team discussion related to special needs/complex needs focused on surfacing providers experiences and barriers related to meeting the needs of children with special needs/ complex needs in child care with the aim of identifying pain points in the system that should be addressed going forward.

- **Summary of current barriers:**
  - Administrative barriers (i.e. paperwork requirements) for accessing enhanced rate.
  - Long wait times for getting diagnosis.
  - Families may be hesitant to pursue diagnosis.
  - Resources available through the Complex Needs Fund are not sufficient- many who applied didn't receive it and for those who did, it may not be enough to really meet the need when serving a large number of special needs children.
  - Non-expulsion policies in the absence of adequate training and resources for providers leave providers in a difficult position as they try to meet the needs of all children in the classroom including both special needs and typically developing children.
  - Families with special needs children who don't qualify for subsidy are struggling, they are unable to afford the cost of special needs care.
  - Foster families caring for a child with special needs are eligible for an enhanced foster rate care rate, but there is currently not a process for streamlining approval for the special needs rate in child care.

UPDATING WORKING CONNECTIONS RATE REGIONS

Measures

The Design Team discussed the following options for measures to use to base county groupings for subsidy rates on:

- **Urban, Suburban, and Rural**
  - **What it is:** Urban and rural county designations are determined by RCW 82.14.370. A "rural county" means a county with a population density of less than 100 persons per square mile or a county smaller than 225 square miles. There is no designation in RCW for suburban.
  - **Potential benefits of using this measure:**
    - Works in some capacity for certain situations.
    - Costs of some things like agricultural products vary according to whether urban or rural.

- o **Questions and concerns about using this measure:**
  - Urban and rural county designations are determined by RCW 82.14.370. The lack of a designation for suburban would mean the rate tiers would be very broad.
  - Lack of flexibility/adaptability.
  - Does not reflect income or cost of living.

- **Area Median Income**
  - o **What it is:** Area Median Income (AMI) is published by the US Census Bureau. Using this measure would mean using average income for a county to determine the rate tier for that county.
  - o **Potential benefits of using this measure:**
    - Demonstrates some recognition of economic differences by county.
  - o **Questions and concerns about using this measure:**
    - Area Median Income varies significantly by county and the differences don't necessarily align with the difference in cost of living for those counties. There are instances where a county has a much lower Area Median Income than a neighboring county but the two have virtually the same cost of living.
    - Would it be possible to combine Area Median Income and cost of living data in some way?
    - Median income defines the amount of people's income in that area but does not indicate if they have children/if there is need.

- **Cost of Living Index**
  - o **What it is:** Cost of living index is a way to compare the cost of living in a specific area as compared to the average cost of living across the state as a whole. The average cost of living for Washington is represented with a value of 100 and each county has a number, indicating if cost of living for that area is above or below the state average. The biggest driver in differences in cost of living by county is differences in housing costs.
  - o **Potential benefits of using this measure:**
    - Realistically captures the expense of living and operating in each area.
    - Establishes a clear methodology that could be used to update rate regions as needed in the future as cost of living changes.
  - o **Questions and concerns about using this measure:**
    - Cost of living in an area can change quickly- how to update?
    - Does this capture experience of seasonal/migratory families?

Design Team recommendation: Use the Cost of Living Index as the measure to combine counties into rate groupings.

Number of Rate Groupings

The Design Team also explored different options for the number County Groups. Discussion began with 2 examples of possible ways to group counties according to Cost of Living Index:
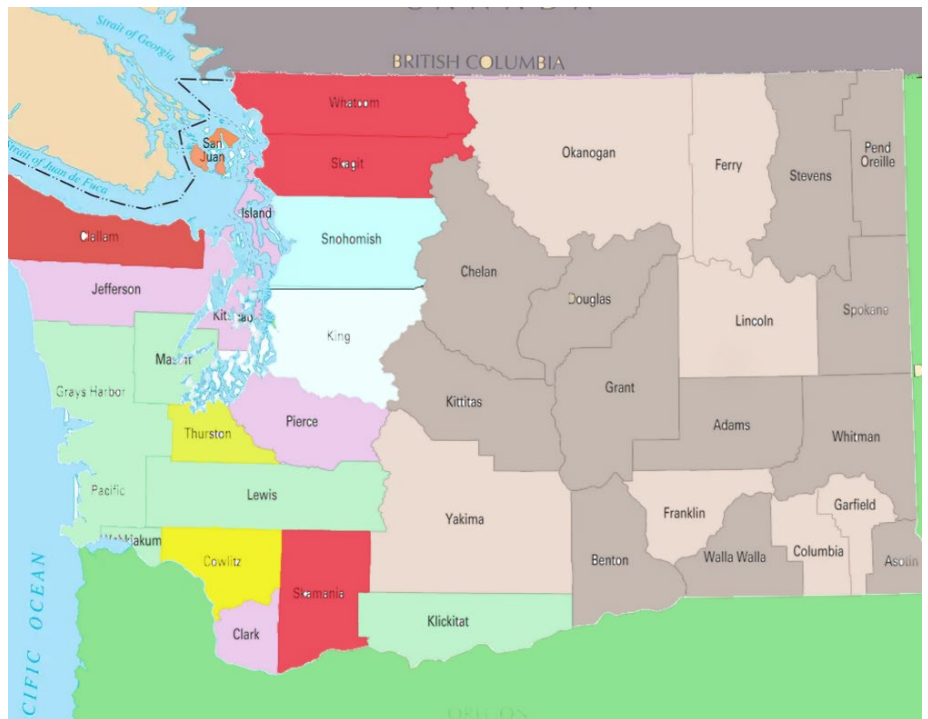
Example 1: 4 County Groups

- County Group 1: Cost of Living Index value of less than 95
- County Group 2: Cost of Living Index value of 95-105
- County Group 3: Cost of Living Index value of 106-120
- County Group 4: Cost of Living Index value of more than 120
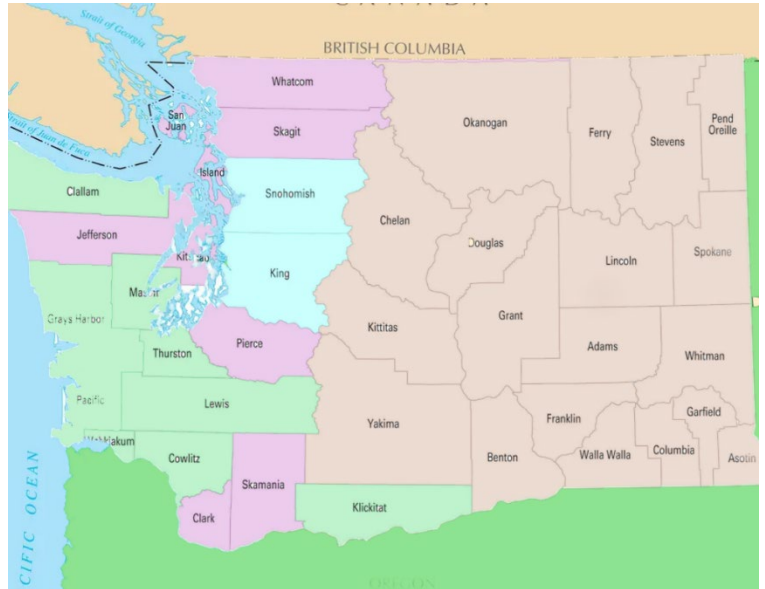
Example 2: 9 County Groups

- County Group 1: Cost of Living Index value of less than 90
- County Group 2: Cost of Living Index value of 90-95
- County Group 3: Cost of Living Index value of 95-100
- County Group 4: Cost of Living Index value of 100-105
- County Group 5: Cost of Living Index value of 105-110
- County Group 6: Cost of Living Index value of 110-115
- County Group 7: Cost of Living Index value of 115-120
- County Group 8: Cost of Living Index value of 120-132
- County Group 9: Cost of Living Index value of more than 132

Design Team Recommendation: In exploring the two examples above, the group felt that Example 1 created County Groups that were too broad and failed to respond to important differences in cost of

living by county. The group felt that Example 2 resulted in too many County Groups and could result in potential challenges in getting sufficient data for each Rate Grouping in the Cost of Care Study. The recommendation of the Design Team is to create 6 Rate Groupings as outlined below.

- County Group 6: Cost of Living Index Value of 138.8

- County Group 5: Cost of Living Index value of 130.9

- County Group 4: Cost of Living Index value of 110.9-118.7

- County Group 3: Cost of Living Index value of 103.6-109.8

- County Group 2: Cost of Living Index value of 92.9-99.3

- County Group 1: Cost of Living Index value of 86.9-92.1)

CONCLUSIONS AND NEXT STEPS

Implementation of Design Team recommendations for the Cost of Quality Care Rate Model and updates to the rate regions would bring transformational change to child care in Washington State. These are fundamental steps in addressing the child care crisis and building a sustainable system where early educators are fairly compensated for the work that they do and supported to provide the quality care that children and families need to flourish.

Increased access to child care for families will remain a critical need. The Design Team strongly supported the Universal Access and Living Wage proviso passed during the 2023 state legislative session, which aligns with the goals of the Compensation Campaign Platform developed by the Design Team. The plan to be developed by DCYF according to the proviso will be the next critical step in moving toward the child care system that Washington needs.

Current Working Connections Child Care Subsidy Regions

Child Care Subsidy Rates Regional Map

Region 1
Region 2
Region 3
Region 4
Region 5
Spokane County
Region 6

Washington State Department of
CHILDREN, YOUTH & FAMILIES
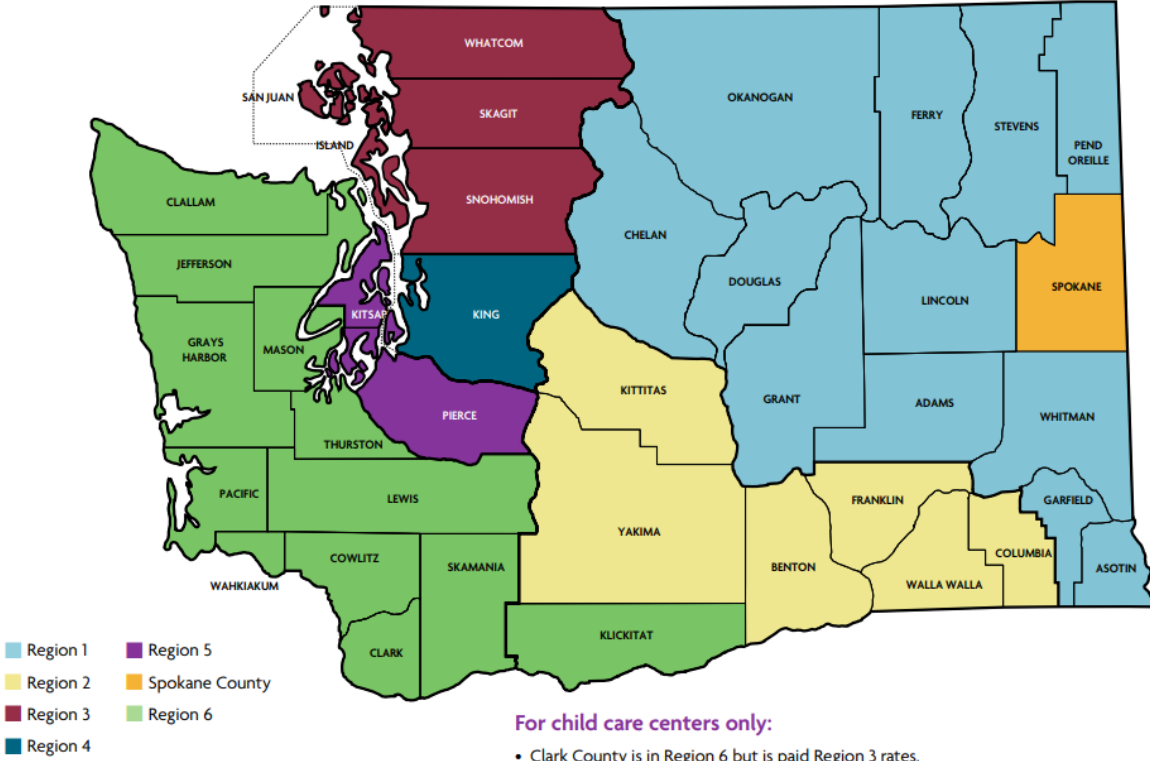
For child care centers only:

- Clark County is in Region 6 but is paid Region 3 rates.
- Benton and Walla Walla counties are in Region 2 but are paid Region 6 rates.
- Whitman County is in Region 1 but is paid at Region 6 rates.

To learn more about subsidized child care in Washington, visit **www.dcyf.wa.gov**.
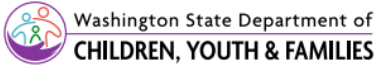
Appendix B

Cost of Living Index, Area Median Income, and Urban vs Rural by County

County	Cost of Living Index State/ Costo del Índice de Vida	Area Median Income/ del Ingreso Medio del Área	Urban/Rural Urbano/Rural
Columbia	86.9	$64,688	Rural
Garfield	87	$50,625	Rural
Okanogan	87.4	$51,992	Rural
Lincoln	88.5	$62,810	Rural
Franklin	88.7	$72,452	Rural
Yakima	89.2	$58,830	Rural
Ferry	89.3	$45,907	Rural
Walla Walla	90.1	$63,686	Rural
Benton	90.8	$76,612	Urban
Adams	91.4	$54,573	Rural
Asotin	91.5	$57,263	Rural
Douglas	92.1	$68,979	Rural
Stevens	92.1	$57,206	Rural
Whitman	92.9	$43,613	Rural
Chelan	93.8	$64,895	Rural
Pend Oreille	93.9	$59,134	Rural
Kittitas	94	$64,134	Rural
Spokane	94.1	$64,079	Urban
Grant	94.6	$63,566	Rural
Pacific	95.2	$54,598	Rural
Grays Harbor	95.6	$53,615	Rural
Klickitat	97.5	$59,583	Rural
Wahkiakum	98	$54,422	Rural
Lewis	98.2	$60,581	Rural
Mason	99.3	$66,325	Rural
Thurston	103.6	$81,501	Urban
Cowlitz	105	$64,506	Rural
Clallam	105.8	$60,044	Rural
Skagit	108.9	$75,308	Rural
Whatcom	108.9	$70,011	Urban
Skamania	109.8	$75,565	Rural
Clark	110.9	$82,719	Urban
Island	111.6	$75,628	Rural
Jefferson	111.7	$59,968	Rural
Kitsap	111.7	$84,600	Urban
Pierce	111.7	$82,574	Urban

Washington State Department of CHILDREN, YOUTH & FAMILIES

ChildCare Aware OF WASHINGTON

San Juan	118.7	$68,577	Rural
Snohomish	130.9	$95,618	Urban
King	138.8	$106,326	Urban

Appendix C

Early Educator Design Team Members

Angelia Hicks-Maxie: Tiny Tots Development Center, Seattle

Anne Granberg: YMCA Heart House Early Learning Center, Bellingham

Autumn Causey: Play and Learn Childcare, Cosmopolis

Berta Artiga: Berta Artiga Daycare, Pasco

Caitlin Voss: South Whidbey Children's Center, Langley

Cecilia Gonzalez : Centro de Educacion Infantil La Escuelita de La Casa Hogar, Yakima

Delora Morgan Chesley: Cadence Academy Preschool, Olympia

Desiree Hall: Stay and Play Childcare and Learning Center, Seattle

Elodia Gutierrez: Fun to Learn, Pasco

Erica Linear: Seed of Life Center for Early Learning and Preschool, Seattle

Gloria Vasquez: Little Dreamers Daycare, Wenatchee

Guadalupe Escamilla: Mi Tesoro Home Daycare Kent

Jen Sandvig: Sagebrush Montessori, Richland

Lorena Miranda: Nani's Childcare, Yakima

Julie Worrall: Sunflower Playschool, Battle Ground

Mary Curry: Pathways Enrichment Academy, Tacoma

Reshonna Reynolds: Magic Lantern, Seattle

Ruweyda Salim: Happy Daycare, Seattle

Sara Escobar: Tomorrow's Hope, Everett

Simantini Dutta: Teams Learning Center, Wenatchee

Susan Lee: Refugee Women's Alliance (REWA), Seattle

Tasha Fitzgerald: Pacific Northwest Discovery Academy, Port Angelas

Teresa Winslow: Horizon Learning Center, Lacey
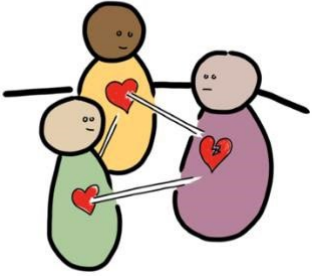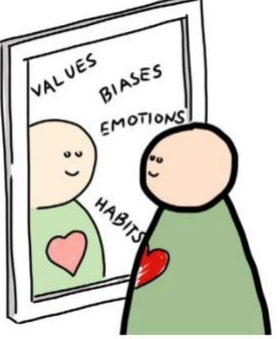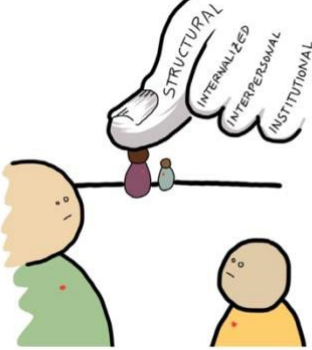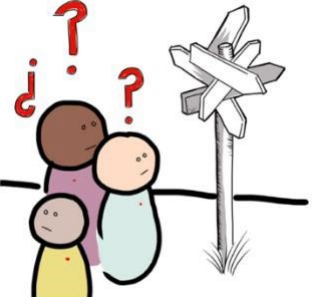
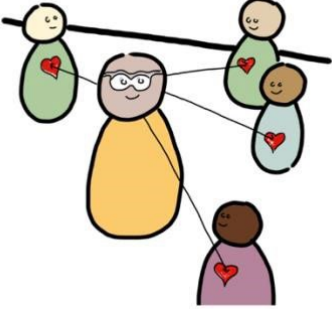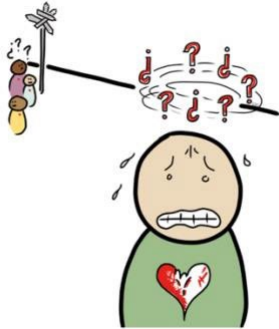**Tony Lozano:** Lolita's Little Ones & Fun To Learn, Pasco

Appendix D

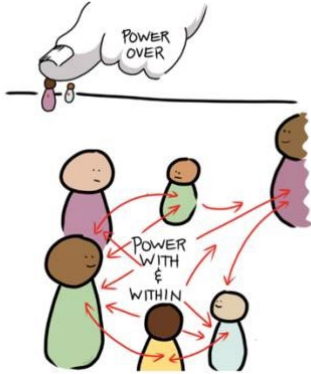**Liberatory Design Mindsets //** *Ideologías del diseño liberador*

https://www.liberatorydesign.com

Build Relational Trust: Invest in relationships with intention, especially across difference. Honor stories. Practice empathetic listening.		**Establecer confianza en las relaciones:** Invierta en las relaciones con intención, especialmente donde haya diferencias. Honre las historias. Practique el escuchar con empatía.
Practice Self-Awareness: Who we are determines how we design. Looking in the "mirror" reveals what we see, how we relate, and how our perspectives impact our practice.		**Practicar la reflexión personal:** Lo que somos determina lo que diseñamos. Al mirarse en el "espejo" se revela lo que vemos, como nos relacionamos y como nuestras perspectivas afectan nuestra práctica.
Recognize Oppression: Learn to see how oppression, in its many forms, has shaped designs that lead to inequity.		**Reconocer la opresión:** Aprenda a notar como la opresión, en sus formas variadas, ha delineado los diseños que promueven la inequidad.
Embrace Complexity: Recognize that equity challenges are complex and messy. Stay open to possibility. Powerful design emerges from the mess, not from avoiding it.		**Aceptar la complejidad:** Reconozca que los retos de la equidad son complejos y desagradables. Manténgase abierto a las posibilidades. Un diseño poderoso emerge de lo desagradable, no de la evasión.

Focus on Human Values: Get to know the community we are designing with in as many different ways as possible. Anchor all of our decisionmaking in human values.		**Enfocarse en los valores humanos:** Conozca, de tantas maneras distintas como sea posible, la comunidad con la que estamos diseñando. Afiance todas las decisiones del equipo en los valores humanos.
Seek Liberatory Collaboration: Recognize differences in power and identity to design "with" instead of "for." Design for belonging.		**Buscar la colaboración liberadora:** Reconozca las diferencias de poder e identidad para diseñar "con" en lugar de "para". Diseñe para crear un sentido de pertenencia.
Work with Fear and Discomfort: Fear and discomfort are anticipated parts of equity design work. Identifying the sources of such feelings offers us a context to work through them and continue to design.		**Trabajar con temor e incomodidad:** El temor y la incomodidad son partes previsibles del trabajo de diseño con equidad. El identificar el origen de esos sentimientos nos ofrece un contexto para trabajar para superarlos y continuar diseñando.
Attend to Healing: The effects of oppression are complex and often hinder our ability to take action. Integrate ongoing healing processes when designing for equity.		**Ayudar a la recuperación:** Los efectos de la opresión son complejos y con frecuencia dificultan nuestra habilidad para tomar acción. Integre un proceso constante de recuperación al diseñar para la equidad.

Work to Transform Power: Explore structures and opportunities for interactions in which power is shared, not exercised.		**Trabajar para transformar el poder:** Explore las estructuras y oportunidades para las interacciones en las cuales no se ejerce el poder, sino que se comparte.
Exercise Creative Courage: Every human is creative. Creative courage allows us to push through self-doubt and creative fragility so we can design bravely against oppression.		**Ejercitar el valor creative:** Todos los seres humanos son creativos. El valor creativo nos permite superar la duda personal y fragilidad creativa para que podamos diseñar con valor en contra de la opresión.
Take Action to Learn: The complexity of oppression must be addressed with courageous ongoing action. Experiment as a way to think and learn – without attachment to outcome.		**Actuar con el fin de aprender:** La complejidad de la opresión debe abordarse con una acción valiente continua. Experimente como una forma de pensar y aprender, sin apego al resultado.
Share, Don't Sell: Practice transparency and nonattachment in sharing ideas with collaborators.		**Comunicar sin vender:** Practique la transparencia y desapego al comunicar sus ideas con los colaboradores.