STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO HUMAN SERVICES -- RHODE ISLAND CHILDCARE ESSENTIAL ACT

Introduced By: Representatives Diaz, Slater, McNamara, Caldwell, Shallcross Smith, Ackerman, Kazarian, Casimiro, Cruz, and Donovan

Date Introduced: January 19, 2023

Referred To: House Finance

It is enacted by the General Assembly as follows:

SECTION 1. Title 40 of the General Laws entitled "HUMAN SERVICES" is hereby amended by adding thereto the following chapter:

CHAPTER 6.7

RHODE ISLAND CHILDCARE ESSENTIAL ACT

40-6.7-1. Legislative findings.

The general assembly finds that:

(1) Access to affordable, high-quality childcare is essential to support labor force participation of parents with children from infancy through age twelve (12) years and to maximize the economic productivity of the state.

(2) Access to affordable, high-quality childcare is essential for all parents to achieve economic security and independence, particularly for mothers who often have lower lifetime earnings because they earn lower wages, work reduced hours, and take longer breaks from work in order to care for children.

(3) High-quality childcare programs, staffed by qualified and effective educators, are essential for children to promote healthy development and optimize learning during early childhood and school-age years.

(4) A landmark 2015 report by the Institute of Medicine and National Research Council found that children begin learning at birth and the adults that provide for the care and education of children bear a great responsibility for their health, development, and learning -- setting the critical
foundation for lifelong progress. The report recommends that states work to increase the qualifications and compensation of childcare educators, including those who care for infants and toddlers.

(5) Childcare educators are among the lowest paid workers in Rhode Island. In 2021, the median wage of a childcare educator in Rhode Island was thirteen dollars and twenty-six cents ($13.26) per hour. As the state minimum wage increases, childcare programs will need additional revenue to comply with the minimum wage rules and to pay higher wages to attract and retain qualified and effective educators.

(6) The U.S. Department of Health and Human Services provides significant funding to Rhode Island through the Child Care and Development Block Grant and has established clear guidelines for setting rates that provide low-income families with "equal access" to the childcare market as required under federal law. The "equal access" guideline is to pay rates equal to or above the seventy-fifth percentile of a recent market rate survey.

(7) The U.S. Department of Health and Human Services has also established a clear guideline for determining whether childcare is affordable. Currently, the federal guideline for affordability is that families should pay no more than seven percent (7%) of family income for childcare. Using that guideline, almost all families with young children in the State of Rhode Island need a subsidy to afford the cost of high-quality childcare staffed by qualified, effective, and fairly-compensated educators.

40-6.7-2. Childcare assistance - Families or assistance units eligible.

(a) The department of human services shall provide appropriate childcare to every participant who is eligible for cash assistance and who requires childcare in order to meet the work requirements in accordance with this chapter.

(b) Low-income childcare. The department shall provide childcare to all other families with incomes at or below eighty-five percent (85%) of the state median income, the low-income family eligibility benchmark in the federal Child Care and Development Block Grant if, and to the extent, these other families require childcare in order to work at paid employment and/or to participate in training, apprenticeship, internship, on-the-job training, work experience, work immersion, or other job-readiness/job-attachment programs sponsored or funded by the human resource investment council (governor's workforce board) or state agencies that are part of the coordinated program system pursuant to § 42-102-11. The department shall also provide childcare assistance to families with incomes below eighty-five percent (85%) of the state median income when such assistance is necessary for a member of these families to enroll or maintain enrollment in a Rhode Island public institution of higher education.
(c) No family/assistance unit shall be eligible for childcare assistance under this chapter if the combined value of its liquid resources exceeds one million dollars ($1,000,000), which corresponds to the amount permitted by the federal government under the state plan and set forth in the administrative rulemaking process by the department. As used in this section "liquid resources" means any interest(s) in property in the form of cash or other financial instruments or accounts that are readily convertible to cash or cash equivalents. These resources include, but are not limited to: cash, bank, credit union, or other financial institution savings, checking, and money market accounts; certificates of deposit or other time deposits; stocks; bonds; mutual funds; and other similar financial instruments or accounts. These resources do not include educational savings accounts, plans, or programs; retirement accounts, plans, or programs; or accounts held jointly with another adult, not including a spouse. The department is authorized to promulgate rules and regulations to determine the ownership and source of the funds in the joint account.

(d) The parent or caretaker relative of any family applying for childcare assistance may voluntarily access the state’s office of child support services for assistance in locating the non-custodial parent, establishing parentage, establishing a child support and/or medical order, and enforcement of the order, but this shall not be a requirement to qualify for or access childcare assistance.

(e) For purposes of this section, "appropriate childcare" means childcare, including infant, toddler, preschool, nursery school, and school age, that is provided by a person or organization qualified, approved, and authorized to provide the care by the state agency or agencies designated to make the determinations in accordance with the provisions set forth in this section.

(f)(1) Families with incomes at or below one hundred percent (100%) of the applicable federal poverty level guidelines shall be provided with free childcare. Families with incomes greater than one hundred percent (100%) of the applicable federal poverty guideline shall be required to pay for some portion of the childcare they receive, according to a sliding-fee scale adopted by the department in the department's rules, not to exceed seven percent (7%) of income as defined in subsection (h) of this section.

(2) Families who are receiving childcare assistance and who become ineligible for childcare assistance as a result of their incomes exceeding eighty-five percent (85%) of state median income shall continue to be eligible for childcare assistance until their incomes exceed one hundred percent (100%) of the state median income. To be eligible, the families must continue to pay for some portion of the childcare they receive, as indicated in a sliding-fee scale adopted in the department's rules, not to exceed seven percent (7%) of income as defined in subsection (h) of this section, and in accordance with other eligibility standards.
(g) In determining the type of childcare to be provided to a family, the department shall take into account the cost of available childcare options, the suitability of the type of care available for the child; and the parent's preference as to the type of childcare.

(h) For purposes of this section, “income” for families receiving cash assistance under §§ 40-5.2-10(g)(2) and 40-5.2-10(g)(3), and income for other families shall mean gross, earned, and unearned income as determined by departmental regulations.

(i) The caseload estimating conference established by chapter 17 of title 35 shall forecast the expenditures for childcare in accordance with the provisions of § 35-17-1.

(j) In determining eligibility for childcare assistance for children of members of reserve components called to active duty during a time of conflict, the department shall freeze the family composition and the family income of the reserve component member as it was in the month prior to the month of leaving for active duty. This freeze shall continue until the individual is officially discharged from active duty.

40-6.7-3. Childcare assistance - Rates established.

   (a) Effective July 1, 2023, the reimbursement rates to be paid by the department of human services and the department of children, youth and families for licensed childcare centers and family childcare homes shall be updated to reflect findings from the most recent Rhode Island childcare market rate survey and shall be implemented in a tiered manner, reflective of the quality rating the provider has achieved within the state's quality rating system outlined in § 42-12-23.1. All rates shall meet or exceed the federal equal access benchmark (seventy-fifth percentile of the most recent Rhode Island childcare market rate survey) and programs that have achieved a high-quality rating shall be paid rates at or above the ninetieth percentile of the most recent Rhode Island childcare market rate survey. Weekly rates shall be reimbursed as follows:

<table>
<thead>
<tr>
<th>LICENSED CHILDCARE CENTERS &amp; FAMILY CHILDCARE HOMES</th>
<th>Tier One</th>
<th>Tier Two</th>
<th>Tier Three</th>
<th>Tier Four</th>
<th>Tier Five</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant/Toddler</td>
<td>$289</td>
<td>$305</td>
<td>$321</td>
<td>$337</td>
<td>$353</td>
</tr>
<tr>
<td>Preschool</td>
<td>$250</td>
<td>$257</td>
<td>$265</td>
<td>$273</td>
<td>$280</td>
</tr>
<tr>
<td>School-Age</td>
<td>$238</td>
<td>$241</td>
<td>$244</td>
<td>$247</td>
<td>$250</td>
</tr>
</tbody>
</table>

The reimbursement rates for licensed family childcare providers paid by the department of human services, and the department of children, youth and families are determined through collective bargaining. The reimbursement rates for infant/toddler and preschool age children paid to licensed family childcare providers by both departments is implemented in a tiered manner that reflects the quality rating the provider has achieved in accordance with § 42-12-23.1.

(b) Beginning July 1, 2023, childcare providers serving infants under age eighteen (18)
months who are receiving childcare assistance shall be paid a differential bonus infant weekly rate
by the department of human services and the department of children, youth, and families to cover
the costs associated with the required staff: child ratio for infants under age eighteen (18) months
when compared to the required staff: child ratio for toddlers ages eighteen (18) months to age three
(3). This weekly differential bonus rate shall range from one hundred thirty-two dollars and fifty
cents ($132.50) to one hundred fifty dollars ($150) per week for each infant under eighteen (18)
months added on to the infant/toddler reimbursement rate.

(c) By June 30, 2024, and biennially through June 30, 2034, the department of labor and
training shall conduct an independent survey or certify an independent survey of the then-current
weekly market rates for childcare in Rhode Island and shall forward the weekly market rate survey
to the department of human services. The next survey shall be conducted by June 30, 2036, and
triennially thereafter. The departments of human services and labor and training will jointly
determine the survey criteria including, but not limited to, rate categories and sub-categories.

(d) In order to expand the accessibility and availability of quality childcare, the department
of human services is authorized to establish, by regulation, alternative or incentive rates of
reimbursement for quality enhancements, innovative or specialized childcare, and alternative
methodologies of childcare delivery, including nontraditional delivery systems and collaborations.

(e) Effective January 1, 2027, all childcare providers have the option to be paid every two
(2) weeks and have the option of automatic direct deposit and/or electronic funds transfer of
reimbursement payments.

SECTION 2. Section 40-5.2-20 of the General Laws in Chapter 40-5.2 entitled "The Rhode
Island Works Program" is hereby repealed.

40-5.2-20. Childcare assistance — Families or assistance units eligible.

(a) The department shall provide appropriate child care to every participant who is eligible
for each assistance and who requires child care in order to meet the work requirements in
accordance with this chapter.

(b) Low-income child care. The department shall provide child care to all other working
families with incomes at or below two hundred percent (200%) of the federal poverty level if, and
to the extent, these other families require child care in order to work at paid employment as defined
in the department’s rules and regulations. The department shall also provide child care to families
with incomes below two hundred percent (200%) of the federal poverty level if, and to the extent,
these families require child care to participate on a short term basis, as defined in the department’s
rules and regulations, in training, apprenticeship, internship, on-the-job training, work experience,
work immersion, or other job-readiness/job-attachment program sponsored or funded by the human
resource investment council (governor’s workforce board) or state agencies that are part of the
coordinated program system pursuant to § 42-102-11. Effective from January 1, 2021, through June
30, 2022, the department shall also provide childcare assistance to families with incomes below
one hundred eighty percent (180%) of the federal poverty level when such assistance is necessary
for a member of these families to enroll or maintain enrollment in a Rhode Island public institution
of higher education provided that eligibility to receive funding is capped when expenditures reach
$200,000 for this provision. Effective July 1, 2022, the department shall also provide childcare
assistance to families with incomes below two hundred percent (200%) of the federal poverty level
when such assistance is necessary for a member of these families to enroll or maintain enrollment
in a Rhode Island public institution of higher education.

(c) No family/assistance unit shall be eligible for childcare assistance under this chapter if
the combined value of its liquid resources exceeds one million dollars ($1,000,000), which
corresponds to the amount permitted by the federal government under the state plan and set forth
in the administrative rulemaking process by the department. Liquid resources are defined as any
interest(s) in property in the form of cash or other financial instruments or accounts that are readily
convertible to cash or cash equivalents. These include, but are not limited to: cash, bank, credit
union, or other financial institution savings, checking, and money market accounts; certificates of
deposit or other time deposits; stocks; bonds; mutual funds; and other similar financial instruments
or accounts. These do not include educational savings accounts, plans, or programs; retirement
accounts, plans, or programs; or accounts held jointly with another adult, not including a spouse.
The department is authorized to promulgate rules and regulations to determine the ownership and
source of the funds in the joint account.

(d) As a condition of eligibility for childcare assistance under this chapter, the parent or
caretaker relative of the family must consent to, and must cooperate with, the department in
establishing paternity, and in establishing and/or enforcing child support and medical support
orders for any children in the family receiving appropriate child care under this section in
accordance with the applicable sections of title 15, as amended, unless the parent or caretaker
relative is found to have good cause for refusing to comply with the requirements of this subsection.

(e) For purposes of this section, “appropriate child care” means child care, including infant,
toddler, preschool, nursery school, and school-age, that is provided by a person or organization
qualified, approved, and authorized to provide the care by the state agency or agencies designated
to make the determinations in accordance with the provisions set forth herein.

(f)(1) Families with incomes below one hundred percent (100%) of the applicable federal
poverty level guidelines shall be provided with free child care. Families with incomes greater than
one hundred percent (100%) and less than two hundred percent (200%) of the applicable federal poverty guideline shall be required to pay for some portion of the child care they receive, according to a sliding-fee scale adopted by the department in the department's rules, not to exceed seven percent (7%) of income as defined in subsection (b) of this section.

(2) Families who are receiving childcare assistance and who become ineligible for childcare assistance as a result of their incomes exceeding two hundred percent (200%) of the applicable federal poverty guidelines shall continue to be eligible for childcare assistance until their incomes exceed three hundred percent (300%) of the applicable federal poverty guidelines. To be eligible, the families must continue to pay for some portion of the child care they receive, as indicated in a sliding-fee scale adopted in the department's rules, not to exceed seven percent (7%) of income as defined in subsection (b) of this section, and in accordance with all other eligibility standards.

(g) In determining the type of child care to be provided to a family, the department shall take into account the cost of available childcare options; the suitability of the type of care available for the child; and the parent's preference as to the type of child care.

(h) For purposes of this section, "income" for families receiving cash assistance under § 40-5.2-11 means gross, earned income and unearned income, subject to the income exclusions in §§ 40-5.2-10(c)(2) and 40-5.2-10(c)(3), and income for other families shall mean gross, earned and unearned income as determined by departmental regulations.

(i) The caseload estimating conference established by chapter 17 of title 35 shall forecast the expenditures for child care in accordance with the provisions of § 35-17-1.

(j) In determining eligibility for childcare assistance for children of members of reserve components called to active duty during a time of conflict, the department shall freeze the family composition and the family income of the reserve component member as it was in the month prior to the month of leaving for active duty. This shall continue until the individual is officially discharged from active duty.

SECTION 3. Section 40-6.2-1.1 of the General Laws in Chapter 40-6.2 entitled "Child Care — State Subsidies" is hereby repealed.

40-6.2-1.1. Rates established.

(a) Through June 30, 2015, subject to the payment limitations in subsection (c), the maximum reimbursement rates to be paid by the departments of human services and children, youth and families for licensed childcare centers and licensed family childcare providers shall be based on the following schedule of the 75th percentile of the 2002 weekly market rates adjusted for the average of the 75th percentile of the 2002 and the 2004 weekly market rates.
<table>
<thead>
<tr>
<th>Licensed Childcare Centers</th>
<th>75th Percentile of Weekly Market Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant</td>
<td>$182.00</td>
</tr>
<tr>
<td>Preschool</td>
<td>$150.00</td>
</tr>
<tr>
<td>School Age</td>
<td>$135.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Licensed Family Childcare Providers</th>
<th>75th Percentile of Weekly Market Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant</td>
<td>$150.00</td>
</tr>
<tr>
<td>Preschool</td>
<td>$150.00</td>
</tr>
<tr>
<td>School Age</td>
<td>$135.00</td>
</tr>
</tbody>
</table>

Effective July 1, 2015, subject to the payment limitations in subsection (c), the maximum reimbursement rates to be paid by the departments of human services and children, youth and families for licensed childcare centers and licensed family childcare providers shall be based on the above schedule of the 75th percentile of the 2002 weekly market rates adjusted for the average of the 75th percentile of the 2002 and the 2004 weekly market rates. These rates shall be increased by ten dollars ($10.00) per week for infant/toddler care provided by licensed family childcare providers and license-exempt providers and then the rates for all providers for all age groups shall be increased by three percent (3%). For the fiscal year ending June 30, 2018, licensed childcare centers shall be reimbursed a maximum weekly rate of one hundred ninety-three dollars and sixty-four cents ($193.64) for infant/toddler care and one hundred sixty-one dollars and seventy-one cents ($161.71) for preschool age children.

(b) Effective July 1, 2018, subject to the payment limitations in subsection (c), the maximum infant/toddler and preschool-age reimbursement rates to be paid by the departments of human services and children, youth and families for licensed childcare centers shall be implemented in a tiered manner, reflective of the quality rating the provider has achieved within the state’s quality rating system outlined in § 42-12-23.1.

(1) For infant/toddler child care, tier one shall be reimbursed two and one-half percent (2.5%) above the FY 2018 weekly amount, tier two shall be reimbursed five percent (5%) above the FY 2018 weekly amount, tier three shall be reimbursed thirteen percent (13%) above the FY 2018 weekly amount, tier four shall be reimbursed twenty percent (20%) above the FY 2018 weekly amount, and tier five shall be reimbursed thirty-three percent (33%) above the FY 2018 weekly amount.

(2) For preschool reimbursement rates, tier one shall be reimbursed two and one-half percent (2.5%) above the FY 2018 weekly amount, tier two shall be reimbursed five percent (5%...
above the FY 2018 weekly amount, tier three shall be reimbursed ten percent (10%) above the FY 2018 weekly amount, tier four shall be reimbursed thirteen percent (13%) above the FY 2018 weekly amount, and tier five shall be reimbursed twenty-one percent (21%) above the FY 2018 weekly amount.

(c) (Deleted by P.L. 2019, ch. 88, art. 13, § 4.)

(d) By June 30, 2004, and biennially through June 30, 2014, the department of labor and training shall conduct an independent survey or certify an independent survey of the then-current weekly market rates for child care in Rhode Island and shall forward the weekly market rate survey to the department of human services. The next survey shall be conducted by June 30, 2016, and triennially thereafter. The departments of human services and labor and training will jointly determine the survey criteria including, but not limited to, rate categories and sub categories.

(e) In order to expand the accessibility and availability of quality child care, the department of human services is authorized to establish, by regulation, alternative or incentive rates of reimbursement for quality enhancements, innovative or specialized child care, and alternative methodologies of childcare delivery, including nontraditional delivery systems and collaborations.

(f) Effective January 1, 2007, all childcare providers have the option to be paid every two weeks and have the option of automatic direct deposit and/or electronic funds transfer of reimbursement payments.

(g) Effective July 1, 2019, the maximum infant/toddler reimbursement rates to be paid by the departments of human services and children, youth and families for licensed family childcare providers shall be implemented in a tiered manner, reflective of the quality rating the provider has achieved within the state's quality rating system outlined in § 42-12-23.1. Tier one shall be reimbursed two percent (2%) above the prevailing base rate for step 1 and step 2 providers, three percent (3%) above prevailing base rate for step 3 providers, and four percent (4%) above the prevailing base rate for step 4 providers; tier two shall be reimbursed five percent (5%) above the prevailing base rate; tier three shall be reimbursed eleven percent (11%) above the prevailing base rate; tier four shall be reimbursed fourteen percent (14%) above the prevailing base rate; and tier five shall be reimbursed twenty-three percent (23%) above the prevailing base rate.

(h) Through December 31, 2021, the maximum reimbursement rates paid by the departments of human services, and children, youth and families to licensed childcare centers shall be consistent with the enhanced emergency rates provided as of June 1, 2021, as follows:

<table>
<thead>
<tr>
<th></th>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>Tier 4</th>
<th>Tier 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant/Toddler</td>
<td>$257.54</td>
<td>$257.54</td>
<td>$257.54</td>
<td>$257.54</td>
<td>$273.00</td>
</tr>
<tr>
<td>Preschool Age</td>
<td>$195.67</td>
<td>$195.67</td>
<td>$195.67</td>
<td>$195.67</td>
<td>$260.00</td>
</tr>
</tbody>
</table>
School Age $200.00  $200.00  $200.00  $200.00  $245.00

The maximum reimbursement rates paid by the departments of human services, and children, youth and families to licensed family childcare providers shall be consistent with the enhanced emergency rates provided as of June 1, 2021, as follows:

<table>
<thead>
<tr>
<th></th>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>Tier 4</th>
<th>Tier 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant/Toddler</td>
<td>$224.43</td>
<td>$224.43</td>
<td>$224.43</td>
<td>$224.43</td>
<td>$224.43</td>
</tr>
<tr>
<td>Preschool Age</td>
<td>$171.45</td>
<td>$171.45</td>
<td>$171.45</td>
<td>$171.45</td>
<td>$171.45</td>
</tr>
<tr>
<td>School Age</td>
<td>$162.30</td>
<td>$162.30</td>
<td>$162.30</td>
<td>$162.30</td>
<td>$162.30</td>
</tr>
</tbody>
</table>

(i) Effective January 1, 2022, the maximum reimbursement rates to be paid by the departments of human services and children, youth and families for licensed childcare centers shall be implemented in a tiered manner, reflective of the quality rating the provider has achieved within the state’s quality rating system outlined in § 42-12-23.1. Maximum weekly rates shall be reimbursed as follows:

<table>
<thead>
<tr>
<th></th>
<th>Tier One</th>
<th>Tier Two</th>
<th>Tier Three</th>
<th>Tier Four</th>
<th>Tier Five</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant/Toddler</td>
<td>$236.36</td>
<td>$244.88</td>
<td>$257.15</td>
<td>$268.74</td>
<td>$284.39</td>
</tr>
<tr>
<td>Preschool</td>
<td>$207.51</td>
<td>$212.27</td>
<td>$218.45</td>
<td>$223.50</td>
<td>$231.39</td>
</tr>
<tr>
<td>School Age</td>
<td>$180.38</td>
<td>$182.77</td>
<td>$185.17</td>
<td>$187.57</td>
<td>$189.92</td>
</tr>
</tbody>
</table>

The maximum reimbursement rates for licensed family childcare providers paid by the departments of human services, and children, youth and families is determined through collective bargaining. The maximum reimbursement rates for infant/toddler and preschool age children paid to licensed family childcare providers by both departments is implemented in a tiered manner that reflects the quality rating the provider has achieved in accordance with § 42-12-23.1.

(j) Effective July 1, 2022, the maximum reimbursement rates to be paid by the departments of human services and children, youth and families for licensed childcare centers shall be implemented in a tiered manner, reflective of the quality rating the provider has achieved within the state’s quality rating system outlined in § 42-12-23.1. Maximum weekly rates shall be reimbursed as follows:

<table>
<thead>
<tr>
<th></th>
<th>Tier One</th>
<th>Tier Two</th>
<th>Tier Three</th>
<th>Tier Four</th>
<th>Tier Five</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant/Toddler</td>
<td>$265</td>
<td>$270</td>
<td>$282</td>
<td>$289</td>
<td>$300</td>
</tr>
<tr>
<td>Infant/Toddler</td>
<td>$225</td>
<td>$235</td>
<td>$243</td>
<td>$250</td>
<td>$260</td>
</tr>
</tbody>
</table>
SECTION 4. This act shall take effect on July 1, 2023.
This act would create the Rhode Island Childcare Assistance Program that governs both family eligibility for the state’s childcare subsidy program and the rates paid to childcare providers serving families receiving a subsidy. The act would expand eligibility for the program to meet the federal eligibility benchmark so that families with incomes at or below eighty-five percent (85%) of the state median income would be eligible. The act would allow families to continue eligibility until their income exceeds one hundred percent (100%) of the state median income and would make participation in the state’s child support enforcement program voluntary for the childcare subsidy. The act would also increase the tiered rates of reimbursement paid for licensed childcare centers to meet or exceed the federal equal access benchmark and implement a new differential bonus rate for infants under age eighteen (18) months to cover higher staffing costs for this age group. This act would take effect on July 1, 2023.