

2021 -- H 5672

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO HUMAN SERVICES

Introduced By: Representatives Diaz, Caldwell, McNamara, Ackerman, Blazejewski,
Shallcross Smith, Biah, Cassar, Tobon, and Edwards

Date Introduced: February 24, 2021

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Legislative findings.

2 The general assembly finds that:

3 (1) The COVID-19 pandemic has exacerbated the child care workforce which is almost all
4 women and disproportionately women of color. That workforce has also contracted COVID-19.
5 The child care workforce is only seventy-nine percent (79%) as large as it was in February, 2020,
6 before the pandemic began, according to the National Women's Law Center.

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

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

14 (4) Access to subsidized child care is essential in addressing racial inequity. Thirty-nine
15 percent (39%) of young Black children and thirty percent (30%) of young Latino children live in
16 poverty, while thirteen percent (13%) of young white children live in poverty.

17 (5) High-quality child care programs, staffed by qualified and effective educators, are
18 essential for children to promote healthy development and optimize learning during the early
19 childhood and school-age years.

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

7 (7) Child care educators are among the lowest paid workers in Rhode Island. In 2019, the
8 median wage of a child care educator in Rhode Island was twelve dollars and one cent (\$12.01) per
9 hour. As the state minimum wage increases, child care programs will need additional revenue to
10 comply with the minimum wage rules and to attract and retain qualified and effective educators.

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

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

22 SECTION 2. Section 40-5.2-20 of the General Laws in Chapter 40-5.2 entitled "The Rhode
23 Island Works Program" is hereby amended to read as follows:

24 **40-5.2-20. Childcare assistance -- Families or assistance units eligible.**

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

28 (b) Low-income child care. The department shall provide child care to all other working
29 families with incomes at or below ~~one hundred eighty percent (180%)~~ two hundred twenty-five
30 percent (225%) of the federal poverty level if, and to the extent, these other families require child
31 care in order to work at paid employment as defined in the department's rules and regulations.
32 Beginning October 1, 2013, the department shall also provide child care to families with incomes
33 below ~~one hundred eighty percent (180%)~~ two hundred twenty-five percent (225%) of the federal
34 poverty level if, and to the extent, these families require child care to participate on a short-term

1 basis, as defined in the department's rules and regulations, in training, apprenticeship, internship,
2 on-the-job training, work experience, work immersion, or other job-readiness/job-attachment
3 program sponsored or funded by the human resource investment council (governor's workforce
4 board) or state agencies that are part of the coordinated program system pursuant to § 42-102-11.

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

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

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

28 (f)(1) Families with incomes equal to or below one hundred percent (100%) of the
29 applicable federal poverty level guidelines shall be provided with free child care. Families with
30 incomes greater than one hundred percent (100%) and less than one hundred eighty percent (180%)
31 of the applicable federal poverty guideline shall be required to pay for some portion of the child
32 care they receive, according to a sliding-fee scale adopted by the department in the department's
33 rules with no family required to pay more than the federally-established guideline for affordability,
34 currently seven percent (7%) of family income.

1 (2) Families who are receiving childcare assistance and who become ineligible for
2 childcare assistance as a result of their incomes exceeding ~~one hundred eighty percent (180%)~~ two
3 hundred twenty-five percent (225%) of the applicable federal poverty guidelines shall continue to
4 be eligible for childcare assistance until their incomes exceed ~~two hundred twenty five percent~~
5 ~~(225%)~~ three hundred percent (300%) of the applicable federal poverty guidelines. To be eligible,
6 the families must continue to pay for some portion of the child care they receive, as indicated in a
7 sliding-fee scale adopted in the department's rules and in accordance with all other eligibility
8 standards.

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

12 (h) For purposes of this section, "income" for families receiving cash assistance under §
13 40-5.2-11 means gross, earned income and unearned income, subject to the income exclusions in
14 §§ 40-5.2-10(g)(2) and 40-5.2-10(g)(3), and income for other families shall mean gross, earned and
15 unearned income as determined by departmental regulations.

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

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

23 SECTION 3. Section 40-6.2-1.1 of the General Laws in Chapter 40-6.2 entitled "Child
24 Care - State Subsidies" is hereby amended to read as follows:

25 **40-6.2-1.1. ~~Rates established~~ Child care established to ensure equal access and**
26 **promote quality.**

27 ~~(a) Through June 30, 2015, subject to the payment limitations in subsection (c), the~~
28 ~~maximum reimbursement rates to be paid by the departments of human services and children, youth~~
29 ~~and families for licensed childcare centers and licensed family childcare providers shall be based~~
30 ~~on the following schedule of the 75th percentile of the 2002 weekly market rates adjusted for the~~
31 ~~average of the 75th percentile of the 2002 and the 2004 weekly market rates:~~

| | | |
|----|---------------------------------------|--------------------------------------|
| 32 | LICENSED CHILDCARE CENTERS | 75th PERCENTILE OF WEEKLY |
| 33 | _____ | MARKET RATE |
| 34 | INFANT | \$182.00 |

| | | |
|---|--------------------------------------|--------------------------------------|
| 1 | PRESCHOOL | \$150.00 |
| 2 | SCHOOL AGE | \$135.00 |
| 3 | LICENSED FAMILY CHILDCARE | 75th PERCENTILE OF WEEKLY |
| 4 | PROVIDERS | MARKET RATE |
| 5 | INFANT | \$150.00 |
| 6 | PRESCHOOL | \$150.00 |
| 7 | SCHOOL AGE | \$135.00 |

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

19 (a) Effective July 1, 2021, the reimbursement rates to be paid by the departments of human
20 services and children, youth and families for licensed child care centers and family child care homes
21 shall be increased across all age groups and settings to meet or exceed the federal equal access
22 benchmark. Programs that have achieved a high-quality rating of four (4) or five (5) stars as
23 measured by the state's Quality Rating and Improvement System established pursuant to chapter
24 12 of title 42, shall be paid rates at the ninetieth percentile to sustain the higher-quality standards
25 that support children's learning and development.

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

31 ~~(1) For infant/toddler child care, tier one shall be reimbursed two and one half percent~~
32 ~~(2.5%) above the FY 2018 weekly amount, tier two shall be reimbursed five percent (5%) above~~
33 ~~the FY 2018 weekly amount, tier three shall be reimbursed thirteen percent (13%) above the FY~~
34 ~~2018 weekly amount, tier four shall be reimbursed twenty percent (20%) above the FY 2018 weekly~~

1 ~~amount, and tier five shall be reimbursed thirty three percent (33%) above the FY 2018 weekly~~
2 ~~amount.~~

3 ~~(2) For preschool reimbursement rates, tier one shall be reimbursed two and one half~~
4 ~~(2.5%) percent above the FY 2018 weekly amount, tier two shall be reimbursed five percent (5%)~~
5 ~~above the FY 2018 weekly amount, tier three shall be reimbursed ten percent (10%) above the FY~~
6 ~~2018 weekly amount, tier four shall be reimbursed thirteen percent (13%) above the FY 2018~~
7 ~~weekly amount, and tier five shall be reimbursed twenty one percent (21%) above the FY 2018~~
8 ~~weekly amount.~~

9 (b) Effective July 1, 2021, the minimum weekly rates paid by the departments of human
10 services and children, youth and families for licensed child care shall meet or exceed the following
11 benchmarks from 2018 Rhode Island Child Care Market Rate Survey.

| <u>Age of Child</u> | <u>Licensed Centers + School-Age</u> | | <u>Licensed Family Child Care</u> | |
|-------------------------|--------------------------------------|---------------------|-----------------------------------|---------------------|
| | <u>Programs</u> | | <u>Programs</u> | |
| | <u>Equal Access</u> | <u>High-Quality</u> | <u>Equal Access</u> | <u>High-Quality</u> |
| | <u>1-3 Stars</u> | <u>4-5 Stars</u> | <u>1-3 Stars</u> | <u>4-5 Stars</u> |
| <u>Infants/Toddlers</u> | <u>\$256.75</u> | <u>\$298.85</u> | <u>\$200.00</u> | <u>\$232.50</u> |
| <u>(under age 3)</u> | | | | |
| <u>Preschool-Age</u> | | | | |
| <u>Children</u> | <u>\$230.00</u> | <u>\$250.62</u> | <u>\$191.50</u> | <u>\$222.50</u> |
| <u>(ages 3 to 5)</u> | | | | |
| <u>School-Age</u> | | | | |
| <u>Children</u> | <u>\$198.75</u> | <u>\$213.50</u> | <u>\$180.00</u> | <u>\$200.00</u> |
| <u>(ages 6 to 12)</u> | | | | |

24 (c) Additionally, on top of the rate increases required under subsection (b) of this section,
25 the state shall add a twenty dollar (\$20.00) per week bonus payment to the rate for infants under
26 age eighteen (18) months across all quality levels and settings to help cover the additional staffing
27 needs for this age group.

28 ~~(e) [Deleted by P.L. 2019, ch. 88, art. 13, § 4.]~~

29 ~~(d) By June 30, 2004, and biennially through June 30, 2014, the department of labor and~~
30 ~~training shall conduct an independent survey or certify an~~ An independent survey of the then-
31 current weekly market rates for child care in Rhode Island ~~and shall forward the weekly market~~
32 ~~rate survey to the department of human services. The next survey shall be conducted by June 30,~~
33 ~~2016~~ 2021, and triennially thereafter. The findings of each child care market rate survey shall be
34 posted on the department of human services website within sixty (60) days. ~~The departments of~~

1 ~~human services and labor and training will jointly determine the survey criteria including, but not~~
2 ~~limited to, rate categories and sub-categories.~~

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

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

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

20 SECTION 4. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO HUMAN SERVICES

1 This act would increase the reimbursement rates to be paid by the department of human
2 services and the department of children, youth, and families, for licensed child care centers and
3 family child care homes.

4 This act would take effect upon passage.

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