

2018 Supplemental Budget Decision Package

Agency: 307 Department of Children, Youth, and Families

Decision Package Code/Title: PL-A8 / Increase Outreach to Promote Licensed Care

Budget Period: 2017-19

Budget Level: Policy Level

Agency Recommendation Summary Text:

The Department of Children, Youth, and Families requests \$528,421 and 2.0 FTEs in Fiscal Year 2019 to increase outreach to parents and providers to increase the usage of licensed, legal child care.

Fiscal Summary:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
001-1 General Fund-State	\$0	\$528,421	\$366,421	\$336,421
Total Cost	\$0	\$528,421	\$366,421	\$336,421
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0	2.0	2.0	2.0
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Object A - Salaries	\$0	\$150,295	\$150,295	\$150,295
Object B - Benefits	\$0	\$54,489	\$54,489	\$54,489
Object C - Contracts	\$0	\$215,000	\$80,000	\$50,000
Object E – Goods & Services	\$0	\$17,500	\$2,500	\$2,500
Object G – Travel	\$0	\$4,800	\$4,800	\$4,800
Object J – Capital Expenses	\$0	\$12,000	\$0	\$0
Object T – Indirect Expenses	\$0	\$74,337	\$74,337	\$74,337

Package Description:

The demand for early learning providers continues to increase, not only in response to the growing statewide need for child care services, but also in recognition of the critical importance of educational experiences during the early years. According to a recent estimate, only 27 percent of children¹ in Washington State are in licensed child care, Head Start, or the Early Childhood Education Assistance Program (ECEAP). Another two percent of children are in license-exempt military, tribal, or Family, Friend, and Neighbor (FFN) state-subsidized child care. Of the 71 percent (approximately 446,000 kids)

¹ Based on numbers obtained from DCYF data warehouse

not in one of the aforementioned programs, the department does not know how many of those children are in unlicensed care.

# Children, 0-6	# served in Licensed CC	# served in ECEAP	# served in Head Start	# served by FFN, non-relative	Total Served
628,072	142,952	11,691	13,838	11,708	180,189
	23%	2%	2%	2%	29%

While some unlicensed care is legal and appropriate (like babysitting for an evening out, or hiring a private nanny), regularly-provided care for children from multiple families in a facility that is unlicensed is illegal. Illegal care remains unlicensed and undiscovered until a serious incident occurs.

Unlicensed providers do not receive health and safety inspections that licensed providers do; nor do they have access to the state supports and resources, both for staff and for learning environments, that can help ensure child care quality. As a result, child care services tend to be low-quality and potentially unsafe.

At the same time, DCYF has too few resources to develop a sustainable way to reach out to, recruit, educate, and retain early learning providers, as well as to maintain an ongoing communication loop with the statewide community regarding the great importance of health, safety, and educational quality of early learning environments.

Data from a combination of records (child care, foster care, and Child Protective Services (known as Toolkit) indicates that 176 complaints about illegal unlicensed care had been processed in calendar year 2016, and 188 complaints had been processed in calendar year 2017. Considering that a vast majority of these 364 complaints were about care provided in a home, it can be assumed that each of them may be serving up to 12 children from infancy to 12 years of age. Based on this assumption, there are potentially 4,300 children served by illegal child care providers each day. Below are three examples that represent the health and safety risks these 4,300 children may face:

Unlicensed provider was issued a Founded for Physical Abuse and Negligent Treatment or Maltreatment as a video that was taken shows she placed a child in clear and present danger by holding him under water as punishment.	Repeat unlicensed provider. Fatality. Founded for Negligent Treatment or Maltreatment as the toddler was able to gain access to a water feature for an unknown period of time and was found deceased in the water. It was also assessed that the unlicensed provider tested positive for alcohol and cocaine. Last communication with law enforcement was pending Manslaughter charges.	Husband of unlicensed provider was issued a Founded for Sexual Abuse and is currently incarcerated and charged with 8 counts of Rape of a Child in the 1st Degree and 11 counts of Child Molestation in the 1st Degree.
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The number of illegal unlicensed providers is likely much higher than the figure noted above, since the department relies on the provider community and the public to report illegal care. Unfortunately, there

is not currently a tracking and monitoring system that will allow the department to process these complaints in a timely, consistent, and efficient manner. Nor are there adequate resources to seek out and investigate all instances of suspected unlicensed care while still maintaining effective caseload coverage for licensed care monitoring and licensing new providers.

The Office of Administration for Children and Families conducted a national search of how states assess illegal, unlicensed child care. Here is an excerpt regarding Washington State:

“When aware of an illegal provider, Washington staff first send a letter with information about the licensing law and the process of becoming licensed. If information contained in a complaint indicates that children are at risk, staff make an onsite inspection. The provider must cease operation until licensed. To ensure illegal providers have ceased operation, staff make follow-up visits, often when children are being dropped off or picked up. If the provider fails to apply for licensing or to cease operation, the agency has the option to apply civil penalties and seek injunctive relief. The agency can forgive civil penalties if the provider makes application for a license, but he or she may not provide care until licensed. Providing illegal care in Washington is also a misdemeanor criminal offense. If the provider fails to cease operation after the agency directs them to stop providing care, a referral may be sent to law enforcement for prosecution. The agency has seen some successes in partnering with law enforcement in this area. The licensing process takes about four to six weeks (statute requires licensure within 90 days of application).²

In the excerpt, it is stated that the site must cease operation; however, DCYF does not have the authority to require parents to pick up their children, nor to require the unlicensed provider to send the children home unless law enforcement provides assistance. There is no mandate or statewide practice around the interactions and outreach to parents that choose unlicensed child care. It has become clearer in recent years that when children attend low quality or unlicensed child care programs, they may be exposed to unsafe health and safety environments which put them at risk for illnesses and injury.

To protect children in environments where quality, safety, and health are not yet actively supported and monitored by the state; to recruit, educate and retain early learning providers who are currently provide illegal care; and to educate communities about quality childcare and early learning services, DCYF is proposing to increase outreach efforts by establishing 2.0 FTEs to fill the following roles:

- Community and Stakeholder Outreach Manager: This individual will collaborate on recruitment and retention efforts with community partners and stakeholders, such as SEIU Local 925, Child Care Aware of Washington, local law enforcement agencies, tribal providers, the business community, and others. This position will also coordinate an ongoing health and safety campaign that will educate communities about healthy and safe early learning environments, and support development of a common understanding of quality early learning services.
- Licensing Complaints Analyst: This individual will develop a system to track and monitor complaints regarding illegal, unlicensed care statewide, ensure availability of timely and reliable

² https://childcareta.acf.hhs.gov/sites/.../1408_illegally_operating_providers_final.pdf

data, provide research into the leading factors that lead people to conduct unlicensed care, and identify licensing recruitment strategies.

Base Budget:

Currently DCYF does not have resources specifically dedicated to illegal, unlicensed child care issues. Child care licensors are supporting the Division of Licensed Resources and Child Protective Services with complaints proceedings, as well as following up with community complaints regarding illegal, unlicensed childcare providers. As there is currently no systemic data collection process in place that tracks illegal, unlicensed services, it's impossible to define a level of impact to licensing caseloads.

At the same time, the state has 85 childcare licensors operating 260 days per year, and currently serving 5,576 licensed providers with the licensor-to-provider ratio of 1:65.6. This means that a licensor has only four days per year per licensed provider, which includes pre-licensing, licensing, monitoring, technical assistance, complaints, appeals, and other relevant activities. Illegal, unlicensed provider complaints, investigations, and follow-up activities are not currently factored into a licensor caseload and workload. When licensors investigate complaints regarding illegal, unlicensed care, these activities take time and resources away from their direct responsibilities to oversee licensing compliance and support licensed childcare providers. This has a negative impact on the level of service offered to the licensed providers who have taken all necessary steps to be in compliance with the law.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

FTE, Salary and Benefits: DCYF used information based on the Labor and Industries expanded social marketing campaign in Fiscal Year 2008 aimed at warning consumers of the risks and potential consequences of hiring unregistered contractors (see attached). It also cautioned assisting in the furtherance of the underground economy and encouraged legitimate contractors and the public to report fraud.

Based on this model, DCYF would require approximately 4,000 hours of work per year (2.0 FTEs). Assuming the Community and Stakeholder Outreach Manager is hired at a Program Specialist 5 (PS5) level; this individual will collaborate on recruitment and retention efforts with community partners and stakeholders, such as SEIU Local 925, Child Care Aware of Washington, local law enforcement agencies, tribal providers, the business community, and others. This position will also coordinate an ongoing health and safety campaign that will educate communities about healthy and safe early learning environments, and support development of a common understanding of quality early learning services.

Assuming the Licensing Complaints Analyst is hired at a Management Analyst 5 (MA5) level, this individual will develop a system to track and monitor complaints regarding illegal, unlicensed care statewide, ensure availability of timely and reliable data, provide research into the leading factors that lead people to conduct unlicensed care, and identify licensing recruitment strategies.

FTE costs are projected at \$204,784 in each of fiscal years 2019 through 2021.

Professional Service Contracts: \$215,000 in FY19 to develop viral web content for social media websites and broadcast, plus billboards and other fixed media as part of the statewide mixed media social marketing campaign to raise awareness of the dangers of unlicensed care.

Goods and Services: \$17,500 in FY19 and \$2,500 in each of fiscal years 2020-2021 for direct goods and services for the PS5 and MA5, including supplies and materials, communications, training and computer lease as well as \$15,000 in FY19 for printing and production costs for fliers and informational handouts.

Travel: \$4,800 in each of fiscal years 2019-2021 for both positions as the agency standard travel assumption.

Equipment: A one-time expenditure of \$12,000 in fiscal year 2019 for necessary office furniture and equipment.

Intra-agency reimbursements: \$74,337 in each of fiscal years 2019-21 for indirect costs for agency administration and central services, calculated at 36.3 percent of direct salaries and benefits ($\$204,784 \times 36.3\% = \$74,337$). This is for administration and management of the department including governance, executive management, fiscal operations, human resources, communications and outreach, government relations and agency information technology services. It is also for agency central services including space and utilities, data processing fees, and other mandatory charges for other services.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

There are four specific performance outcomes expected: 1) Improved efficiency, consistency, and sustainability of child care processes and systems; 2) Recruitment and retention of providers; 3) Enhanced efficiency of monitoring and data collection; and 4) Increased support of continuous quality improvement.

Performance Measure detail:

DCYF will use the following measures to assess the proposed efforts:

- Increased number of unlicensed providers recruited to be licensed, and an overall increase in the number of licensed providers.
- Increased number of illegal unlicensed child care reports, as communities become more aware of the health and safety needs of child care.
- Increased number of parents who contact Child Care Aware looking for licensed child care facilities.

Fully describe and quantify expected impacts on state residents and specific populations served.

Unlicensed, illegal child care facilities are operating across the state right now, putting children at risk. The state is responsible for ensuring the health and safety of all those children, but adequate resources are needed to tackle this problem in the variety of means necessary.

The department is aware of the prevalence of illegal unlicensed child care operating across the state. These settings are posing health and safety risks to children. It is imperative to establish the capacity to

tackle illegal unlicensed child care services by assessing unlicensed child care complaints in a more strategic and in-depth manner, taking the time to have conversations with parents and families about what a safe environment looks like for children, and educating unlicensed providers on the value and benefits of running a licensed child care program.

The department knows that early intervention and providing children with healthy and safe environments are key components when talking about successful outcomes for children. Educating the community, parents of young children and individuals caring for children in unlicensed programs needs to be handled in a delicate multifaceted manner with subject matter experts leading this work.

What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Identify: Reducing the underground economy
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate or exec order?	Yes	Identify: The department is charged to ensure healthy and safe child care for children.
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a	No	Identify lawsuit (please consult with Attorney

result of litigation?		General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions

Please provide a detailed discussion of connections/impacts identified above. How have families, providers, and communities of color within the early learning system been involved in the planning and implementation of this proposal?

The Early Learning Advisory Committee, the Early Learning Action Alliance, and DCYF's Parent Advisory Group have consistently expressed concerns and been involved in conversations with the department regarding illegal, unlicensed child care. These groups are a combination of parents/guardians, families, advocacy organizations, partners, and stakeholders and have diverse backgrounds, including representing communities of color, immigrant, and refugee communities.

During standards alignment community meetings (2015-2017), including negotiated rule making (May – September 2017), the topic of illegal, unlicensed child care had been consistently discussed from a racial equity lens, and the following data points were brought to the department's attention:

- National data suggests that for children under age 5, African-American children are twice as likely to be in unlicensed care as white children (21.4 percent vs. 11.8 percent)³.
- Refugee and immigrant providers and the parents who provide/use illegal, unlicensed child care services may:
 - Not be aware that they must be regulated. The differences between illegal, exempt, and regulated care can be confusing; and
 - Face cultural, language and literacy barriers. Lack of language proficiency may pose a barrier to becoming licensed if a provider's first language is not English.

What alternatives were explored by the agency and why was this option chosen?

A previous decision package from the 2017-19 biennial budget request had requested 4.0 FTEs – 1 licensor per region in order to enforce licensing regulations while making no investments in an outreach campaign. This request has a greater focus on reaching out to parents as well as providers to reduce illegal care through voluntary compliance rather than focusing on direct legal enforcement.

What are the consequences of not funding this request?

Unlicensed, illegal care will continue to persist at not only its current levels, but likely increase due to the continued lack of outreach and enforcement of the department's licensing rules. This type of care places Washington children at greater risk for negligence and harm.

How has or can the agency address the issue or need in its current appropriation level?

The department's licensing caseload is already at 1:65 providers, well above recommended standards. The addition of over 300 new facilities (referenced in another DCYF supplemental request) will drive this ratio up to 1:69. There are simply no licensors available to pull away from their licensing duties in order to focus on the level of outreach necessary to reduce this type of unlicensed, illegal care.

³ <https://earlylearningpolicygroup.wordpress.com/tag/unlicensed-child-care/>

Other supporting materials:

Information technology:

No

Yes

Social Marketing Campaign for Consumers

In order to inform consumers about the risks and penalties associated with the underground economy, an intensive social marketing campaign will be required. The campaign will include utilizing Public Service Announcements (PSA), strategically placed ads, editorial spots, and other communication tools. We will also target the marketing campaign at consumers to inform them of the risks of hiring unregistered contractors. The estimated ongoing project costs are broken out in the table below. These expenditures are funded out of Accident and Medical Aid Accounts due to the major focus on unregistered contractors who are avoiding workers' compensation premium payments.

Table 1
Biennial Social Marketing Campaign Costs

Marketing Activity	Costs
PSA Development: 2-4 PSAs for television, radio, and internet	\$ 25,000
PSA Airtime: 4-5 small media buys based on past estimations for concentrated programs	\$ 160,000
Billboards and other fixed media	\$ 30,000
Educational Material Printing	\$ 15,000
Home Shows, Consumer Events, and other travel	\$ 20,000
Total Cost	\$ 250,000



Federal Policy Can Help Avoid Tragedies of Unlicensed Child Care

By Clare McCann

NOV. 5, 2014

The dirty underbelly of child care sometimes has the worst possible outcome: the injury or death of a child. A report by the *Washington Post* earlier this year found that 60 children had died in child care programs, with several more since, according to an op-ed published last week by the executive director of Child Care Aware of Virginia. Worse yet, some of those deaths might have been preventable: The *Washington Post* report found that more than 7 in 10 of the deaths occurred in child care programs operating legally without a license.

Qualified license-exempt child care providers, many of which are operated by religious institutions, are defined by the state, with widely varying thresholds. As of a 2012 report by Child Care Aware of America, 27 states didn't regulate small family child care providers unless they served at least four children, including their own. Eight didn't license until the providers cared for at least seven children, again including their own. South Dakota doesn't require licensing until the provider serves at least 13 children. And

those unlicensed providers are typically not subject to the same health and safety inspections as a licensed provider; nor do they face the same requirements to provide resources, both for children and for teachers, that can help ensure child care quality. As a result, low-quality providers tend to cluster among the unlicensed.

Low-quality child care providers tend to cluster among the unlicensed.

Yet those children are often served with federal dollars. The same 2012 report also found that in 21 states, at least 20 percent of children whose parents receive federal child care subsidies are enrolled in license-exempt child care. Only four states--Massachusetts, Ohio, Oklahoma, and Wisconsin--prohibit unlicensed child care providers from accepting federal subsidies, effectively requiring parents either to find licensed care providers, or to give up the federal dollars.

Nationally, the implications of unlicensed care are significant. Fifteen percent of the providers who offer federally subsidized child care to nearly 1.5 million children each month **operate** entirely legally but without a license. Those children are frequently at an even higher risk than most of being cared for in unsafe conditions and/or with untrained providers. Families who qualify for federal subsidies--those living in poverty--face several barriers to accessing high-quality child care. Among them are few quality choices near where they live or work, limited availability of child care options during the hours they work, and **unstable work schedules**. These issues compound already stressful situations for children and their parents and can force families to less-than-desirable child care providers. And a federal subsidy should be a signal to families that the center or home where their child is

cared for in their absence has at the very least met some basic standards of health and safety. Yet parents may not know that the center or home to which they have entrusted their child is left almost entirely unregulated.

Federal lawmakers may not be ready, however, to require all child care providers who receive federal subsidies to obtain a license, as we recommended in our recent report, ***Beyond Subprime Learning: Accelerating Progress in Early Education***. But that doesn't mean they're unaware of the safety concerns associated with unlicensed care.

Before recessing for the midterm elections, House and Senate lawmakers on both sides of the aisle **negotiated agreement** on a bill to reauthorize the Child Care and Development Block Grant program, which provides the federal subsidies for child care. The bill **didn't pass** before members of Congress headed back to their hometowns, but it's expected to pass relatively easily when lawmakers return for the lame duck session.

A federal child care bill will do several things to improve the quality--or at least the safety--of unlicensed care.

That bill will do several things to improve the quality--or at least the safety--of unlicensed care. For starters, it will improve transparency. States will have to explain in their applications for federal child care dollars how they are protecting children enrolled in unlicensed care options. And under the new law, parents and policymakers will at least have more information about child care subsidy recipients. While currently, states face no requirement to report child deaths in

child care settings to prospective parents, they will now be required to report child care deaths, including the distinctions between types of care settings like licensed and unlicensed care.

Additionally, unlicensed care providers that receive federal subsidies will, for the first time, be subject to annual state fire, health, and safety inspections, just like other providers. And all child care providers, including unlicensed ones, will be required to undergo a background check, including a fingerprint scan-- a **long-time goal** of Sen. Richard Burr [R-NC].

Not all tragedies are avoidable, of course. But these new federal policies may go a long way toward encouraging states to modernize their child care strategies and to helping parents and lawmakers recognize and avoid unsafe care settings. It's a critical step forward for placing much-needed emphasis on ensuring children are cared for in safe, healthy, and high-quality settings.