

Proposed Substitute House Bill 2689 (H-3601.2/26)

House Appropriations Committee

By Representative Gregerson

Original Bill:

- Requires the Department of Children, Youth, and Families (DCYF) to stop accepting new entries to the Working Connections Child Care (WCCC) program, with some exceptions, from July 1, 2026, to December 31, 2026.
 - Requires the DCYF, beginning January 1, 2027, to manage the WCCC program so that the average monthly caseload does not exceed 33,000 households except for certain families.
 - Sets WCCC subsidy rates at the 75th percentile of market, beginning July 1, 2026, as established by the most recent market rate survey (MRS) available before the bill's effective date, except for family child care providers who will continue to be paid the subsidy base rate bargained in the 2025-27 enacted collective bargaining agreement until a new MRS is available to inform rate increases at the 75th percentile of market.
 - Repeals the requirement that the DCYF pay child care providers prospectively based on when child care is expected to begin.
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Proposed Substitute House Bill (H-3601.2/26) compared to the Original Bill:

1. Working Connections Child Care (WCCC) Program Eligibility and Enrollment:

- Modifies existing income eligibility provisions for the WCCC program so that income eligibility is maintained at 60 percent of the State Median Income (SMI), instead of increasing to 75 percent of the SMI beginning July 1, 2029, and 85 percent of the SMI (subject to funding) beginning July 1, 2031, under current law.
- Removes the requirement that the DCYF stop accepting new entries to the WCCC program from July 1, 2026, through December 1, 2026.
- Removes the requirement that the DCYF manage the WCCC program so that the average monthly caseload does not exceed 33,000 households.

2. WCCC Subsidy Rates and Payments:

- Requires that child care subsidy rates must achieve the 75th percentile of market beginning July 1, 2027, rather than using the existing MRS and beginning July 1, 2026.
- Requires that the DCYF adopt rules that allow child care providers to claim a) a full month of payment for a child who has 10 or fewer absences in a month, or b) a half month of payment for a child who has attended at least one day in a month but has 11 or more absences. This is effective October 1, 2026, for child care centers and July 1, 2027, for family child care providers.
- Prohibits the DCYF from allowing child care providers to receive a child care subsidy rate that is different than the rate for the subsidy region in which the provider is located.
- Maintains the repeal in the original bill regarding prospective payment to providers.

3. Emergency Clause:

- Adds an emergency clause for all sections, except for the attendance policy requirement for family child care providers which takes effect July 1, 2027.

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-3601.2/26 2nd draft

ATTY/TYPIST: CC:akl

BRIEF DESCRIPTION: Concerning the working connections child care program.

1 AN ACT Relating to the working connections child care program;
2 amending RCW 43.216.802 and 43.216.828; adding new sections to
3 chapter 43.216 RCW; creating a new section; repealing RCW 43.216.827;
4 providing an effective date; providing an expiration date; and
5 declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 43.216.802 and 2025 c 412 s 5 are each amended to
8 read as follows:

9 (1) It is the intent of the legislature to increase working
10 families' access to affordable, high quality child care and to
11 support the expansion of the workforce to support businesses and the
12 statewide economy.

13 (2) A family is eligible for working connections child care when
14 the household's annual income is at or below 60 percent of the state
15 median income adjusted for family size and:

16 (a) The child receiving care is: (i) Less than 13 years of age;
17 or (ii) less than 19 years of age and has a verified special need
18 according to department rule or is under court supervision; and

19 (b) The household meets all other program eligibility
20 requirements established in this chapter or in rule by the department

as authorized by RCW 43.216.055 or 43.216.065 or any other authority granted by this chapter.

~~(3) ((Beginning July 1, 2029, a family is eligible for working connections child care when the household's annual income is above 60 percent and at or below 75 percent of the state median income adjusted for family size and:~~

~~(a) The child receiving care is: (i) Less than 13 years of age; or (ii) less than 19 years of age and has a verified special need according to department rule or is under court supervision; and~~

~~(b) The household meets all other program eligibility requirements established in this chapter or in rule by the department as authorized by RCW 43.216.055 or 43.216.065 or any other authority granted by this chapter.~~

~~(4) Beginning July 1, 2031, and subject to the availability of amounts appropriated for this specific purpose, a family is eligible for working connections child care when the household's annual income is above 75 percent of the state median income and is at or below 85 percent of the state median income adjusted for family size and:~~

~~(a) The child receiving care is: (i) Less than 13 years of age; or (ii) less than 19 years of age and has a verified special need according to department rule or is under court supervision; and~~

~~(b) The household meets all other program eligibility requirements established in this chapter or in rule by the department as authorized by RCW 43.216.055 or 43.216.065 or any other authority granted by this chapter.~~

~~(5))~~ Beginning November 1, 2024, when an applicant or consumer is a member of an assistance unit that is eligible for or receiving basic food benefits under the federal supplemental nutrition assistance program or the state food assistance program the department must determine that the household income eligibility requirements in this section are met.

~~((6))~~ (4) The department must adopt rules to implement this section, including an income phase-out eligibility period.

~~((7))~~ (5) The department may not consider the citizenship status of an applicant or consumer's child when determining eligibility for working connections child care benefits.

~~((8))~~ (6) The income eligibility requirements in ~~((subsections))~~ subsection (2) ~~((through (4)))~~ of this section ~~((do))~~ does not apply to households eligible for the working connections child care program under RCW 43.216.808 and 43.216.814.

1 **Sec. 2.** RCW 43.216.828 and 2025 c 424 s 957 are each amended to
2 read as follows:

3 (1) It is the intent of the legislature to systemically increase
4 child care subsidy rates over time until rates are equal to the full
5 cost of providing high quality child care.

6 (2) (a) Beginning July 1, 2026, child care subsidy base rates must
7 achieve the 85th percentile of market, as established by the most
8 recent market rate survey published before May 20, 2025, for licensed
9 or certified child care providers.

10 (b) Beginning July 1, 2027, child care subsidy base rates must
11 achieve the 75th percentile of market for licensed or certified child
12 care providers. The state and the exclusive representative for family
13 child care providers must enter into bargaining over the
14 implementation of the subsidy rate increase under this subsection.

15 (3) (a) The department shall ~~((build upon the work of the child~~
16 ~~care collaborative task force to develop and implement a child care~~
17 ~~cost estimate model and))~~ use the completed child care cost ~~((model))~~
18 methodology published in accordance with RCW 43.216.829 to recommend
19 subsidy rates at levels that are sufficient to compensate licensed or
20 certified child care providers for the full costs of providing high
21 quality child care. ~~((The department shall consider:~~

22 ~~((i) Adjusting rates to reflect cost of living such as area median~~
23 ~~income, cost of living by zip code, and grouping by categories such~~
24 ~~as rural, suburban, or urban; and~~

25 ~~((ii) Incorporating the rate model for nonstandard child care~~
26 ~~hours developed under section 306, chapter 199, Laws of 2021))~~ The
27 department is encouraged to achieve a provider response rate of at
28 least 50 percent when conducting the market rate study referenced in
29 RCW 43.216.829.

30 (b) The department shall build upon the work of the child care
31 collaborative task force to evaluate options to support access to
32 affordable health care insurance coverage for licensed or certified
33 child care providers.

34 (4) This section does not interfere with, impede, or in any way
35 diminish the right of family child care providers to bargain
36 collectively with the state through the exclusive bargaining
37 representatives as provided for under RCW 41.56.153.

38 NEW SECTION. **Sec. 3.** (1) By October 1, 2026, the department of
39 children, youth, and families shall adopt rules related to child care

1 provider subsidy payments that allow licensed or certificated child
2 care centers who accept state subsidy payments to claim:

3 (a) A full month of payment for a child who has 10 or fewer
4 absences in a month within the authorization period based on the
5 attendance log from an approved electronic attendance system; and

6 (b) A half month of payment for a child who has attended at least
7 one day in a month within the authorization period, but has 11 or
8 more absences, based on the attendance log from an approved
9 electronic attendance system.

10 (2) For purposes of this section, absences do not include days
11 when the provider is closed due to holidays, professional training
12 days, or allowable closure days.

13 (3) This section expires July 1, 2027.

14 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.216
15 RCW under the subchapter heading "subsidized child care" to read as
16 follows:

17 (1) The department shall adopt rules related to child care
18 provider subsidy payments that allow child care providers who accept
19 state subsidy payments to claim:

20 (a) A full month of payment for a child who has 10 or fewer
21 absences in a month within the authorization period based on the
22 attendance log from an approved electronic attendance system; and

23 (b) A half month of payment for a child who has attended at least
24 one day in a month within the authorization period, but has 11 or
25 more absences, based on the attendance log from an approved
26 electronic attendance system.

27 (2) For purposes of this section, absences do not include days
28 when the provider is closed due to holidays, professional training
29 days, or allowable closure days.

30 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.216
31 RCW under the subchapter heading "subsidized child care" to read as
32 follows:

33 Beginning July 1, 2026, licensed or certified child care
34 providers may not receive a child care subsidy rate that is different
35 than the rate for the subsidy region in which the provider is
36 located.

1 NEW SECTION. **Sec. 6.** RCW 43.216.827 (Prospective payments) and
2 2025 c 412 s 13 are each repealed.

3 NEW SECTION. **Sec. 7.** Section 4 of this act takes effect July 1,
4 2027.

5 NEW SECTION. **Sec. 8.** Except for section 4 of this act, this act
6 is necessary for the immediate preservation of the public peace,
7 health, or safety, or support of the state government and its
8 existing public institutions, and takes effect immediately.

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