

CITY OF BELLEVUE
HUMAN SERVICES COMMISSION
MINUTES

February 19, 2020
6:00 p.m.

Bellevue City Hall
City Council Conference Room 1E-113

COMMISSIONERS PRESENT: Chairperson Ma, Vice-Chair Kline, Commissioners, Mansfield, Mercer

COMMISSIONERS ABSENT: Commissioners Amirfaiz, Jain, Piper

STAFF PRESENT: Alex O'Reilly, Dee Dee Catalano, Christy Stangland, Toni Esparza, Devin Konick-Seese, Department of Parks and Community Services; Councilmember Nieuwenhuis

GUEST SPEAKERS: Deann Puffert, Child Care Aware of Washington; Phoebe Anderson, Child Care Resources

RECORDING SECRETARY: Gerry Lindsay

1. CALL TO ORDER

The meeting was called to order at 6:00 p.m. by Chair Ma who presided.

2. ROLL CALL

Upon the call of the roll, all Commissioners were present with the exception of Commissioners Amirfaiz, Jain and Piper, all of whom were excused.

3. APPROVAL OF MINUTES – None

4. ORAL AND WRITTEN COMMUNICATIONS – None

5. COMMUNICATIONS FROM CITY COUNCIL, COMMUNITY COUNCIL, BOARDS AND COMMISSIONS

Deputy Mayor Nieuwenhuis said he was thrilled to have been appointed to serve as the liaison to the Human Services Commission. He thanked the Commissioners for the time they put into doing the important work that they do. The boards and commissions serve as the eyes and ears for the city, providing a voice and guidance to the City Council. He said he was working behind the scenes at the Council level to see the human services allocation increased; the allocation currently stands at about

1.5 percent of the city's budget and he said he is working to see it increased to two percent.

Commissioner Kline asked if any increase in the human services allocation would be approved in time for the upcoming funding cycle. Commissioner Mercer added that the Commission is ramping up for the next funding cycle and noted that the Commission's recommendations will be forwarded to the Council at about the same time the Council will be finalizing its budget for the next biennium. She said the Commission would benefit from knowing up front if there will be additional funds to allocate. Deputy Mayor Nieuwenhuis said he would certainly provide the Commission with guidance as the process continues, but he stressed the budget discussions will occur at the Council level and it is too early to tell what the eventual outcome will be.

6. STAFF AND COMMISSIONER REPORTS

Commissioner Mansfield reported on his visit along with Chair Ma and Commissioner Kline to Congregations for the Homeless. He said it was good as a new Commissioner to see the facility in person.

Commissioner Kline said it was nice to see the newly renovated and expanded space, to hear about the additional programming they have been able to bring online, and to hear about their plans for the future.

Chair Ma said it was his first time visiting the facility and that he came away with a better understanding of how important it is to have a stable location in which new programs can be amped up.

Commissioner Mercer noted local companies, including Microsoft and Amazon, have stepped up to invest in the areas of homelessness and other issues. She said she would like to figure out how the city can raise its hand to highlight for both of those companies the needs that exist in Bellevue. Assistant Director of the Department of Parks and Community Services Toni Esparza said there is to that end an ongoing conversation among human services staff on the Eastside. There are no next steps yet. Commissioner Mercer suggested representatives of Microsoft and Amazon could be invited to address the Eastside commissions at one of the joint meetings.

Ms. Esparza reminded the Commissioners about the upcoming annual Youth Link Gumbo Night event. She said the intent is for named youth leaders to have the opportunity to interact with named city leaders. The event is slated for March 27 from 5:00 p.m. to 7:00 p.m. at Crossroads Community Center.

7. INFORMATION FOR THE COMMISSION

A. Child Care: Systems Issues in Washington State, King County and East King County

Human Services Manager Alex O'Reilly commented that the need for affordable and accessible child care has come up often before the Commission. She noted the intersectionality between people being able to pay for child care and housing, keep their jobs and sustain a good lifestyle.

Ms. O'Reilly welcomed Deann Puffert, CEO of Child Care Aware and formerly of Child Care Resources, and Phoebe Anderson, interim co-CEO of Child Care Resources.

Ms. Puffer said she opened the East County office of Child Care Resources in 1990. At that time, Bellevue was a leader in the areas of early learning and child care issues. Bellevue along with Redmond and Kent were at the time the only three jurisdictions that were talking about the importance of the early years. She noted that Child Care Resources does a lot of work with homeless families and their children who are most vulnerable relative to early care and education.

Continuing, Ms. Puffer said she started her work with Child Care Aware, a statewide organization, on December 1. The state is divided into six regions, each of which has differing challenges around early learning and education. One of the things that is the same is the cost of providing early learning. For seven straight years Washington has been in the top ten states in terms of child care cost. One reason that is true is that Washington also has one of the highest average incomes. Washington state is also one of the most regulated in the nation when it comes to child care industries, and those regulations drive up costs in significant ways. The median cost of care for an infant is roughly equal to the cost of going to a state-funded college, or \$2000/month and \$24,000/year. Two of the most significant costs for families are housing and child care. Given that infant and toddler child care is so expensive to provide due to the ratios required by the state, families find it difficult to find care in those categories at any price, and waiting lists can be as long as 18 months to three years. According to a recent report, 49 percent of Washington parents found it difficult or very hard to find, afford and keep child care.

Ms. Anderson said Child Care Resources hosts the statewide call center and receives calls from across the state from parents seeking child care. Many of the parents are also seeking ways to pay for child care, so the agency helps them navigate state subsidies if they have incomes below the federal poverty level. The problem is that the federal poverty level is so low that many working families have incomes that exceed the limits yet they are living in poverty and cannot afford child care and cannot access state subsidies. In part that is why a secondary system of child care financial assistance has been created, a system in which Bellevue participates. Calls are received daily from families in dire circumstances.

Ms. Puffert said for a family of four, the federal poverty level is \$49,200. Those earning \$49,250 lose all their child care benefits. Those families with an infant and a preschooler paying \$3000 per month in the market will lose \$3000 in value for a \$50 pay raise. Recently, Seattle determined the living wage point to be \$80,000. The same is likely true in Bellevue and between \$29,200 and \$80,000 there is a huge gap.

Mr. Puffer said when viewed from the perspective of the child care business owners, they cannot make things pencil out unless what they charge is fairly high. Child care is a very labor-intensive work. With the minimum wage increasing in the state, some child care businesses have been put in a difficult situation. Where a provider's market rate and true cost is \$2000 per month, and the state only pays \$1500, the business loses \$500 per month per child. Any good business owner would cost allocate for the service provided. The state says there must be one teacher for every four infants. A provider with eight infants charging \$1800 per month for each will have a gross monthly income of \$14,000. With the need to cover an 11-hour day, three teachers would be required at an average cost of \$36,000 each, in addition to basic benefits at a cost of about \$800 per month, the business will be paying out \$11,400 per month. Rent, utilities, administration costs, food, supplies, materials and custodial costs must be paid out of what is left over, which is only \$2600. If in fact all of the children cared for are state subsidized, total gross monthly income would only be \$12,000, leaving only about \$600 to pay for occupancy and administration costs.

Ms. Anderson said the \$36,000 for staff compensation and benefits is not unusual. In Washington state, the licensing laws were recently updated and put into effect in August 2019. One of them sets out the specific educational requirements to be a lead teacher, to be a director and to any teacher in a classroom. As launched, a bachelor's degree was required, which is significant. So providers were working eight-hour days and then having to take classes toward a bachelor's degree in their spare time. Those with bachelor's degree can actually just move into the K-12 system and make much better salaries with far more benefits. The extraordinary requirements placed on those in the early learning world do not necessarily equate to higher-quality care, and they are leading to a huge gap in teaching staff, which is contributing to providers closing their doors.

Commissioner Kline asked if the new regulatory framework was ushered in as part of Best Start for Kids. Ms. Puffer said they actually came about due to the Early Start Act. Best Start for Kids is more of a community based King County initiative. She said teachers who have more education in general provide more best practice care. Simply getting rid of all the regulations is not the answer, but there needs to be an understanding that expecting someone to go back to school, gain a bachelor's degree and then be happy with the same \$36,000 salary and low-level benefits does not seem fair or right. Ms. Anderson added that Child Care Resources has been working with the legislative piece to identify alternative pathways that would be

meaningful educational experiences for educators without being siloed in the bachelor's degree system.

Commissioner Kline asked if the regulations requiring more education have served to decimate home-based child care providers who take in two or three kids. Ms. Anderson said that is in fact happening in family child care where providers are licensed for six children at the most. By asking those providers to go above and beyond in so many ways, they are just not able to make their businesses pencil out.

Ms. Puffert said some child care providers enter the scene because they have young children of their own. In many instances family child care can be more lucrative because of the tax right-offs for the business space and business costs. She pointed out that child care providers are small businesses and increasingly they are fueling the economy in significant ways. The Association of Washington Businesses recently put out a report about the impact on business owing to the lack of early learning and child care. The report calls out the impact on businesses due to missed work tied to child care issues and the like. She said during her entire 35-year career in early learning, business have not viewed child care as part of the cost of doing business. The fact is child care is part of the bottom line, particularly in terms of retaining the workforce. Some small- to mid-size businesses are increasingly becoming aware of options they can take advantage of to support their employees. It is interesting to note that 27 percent reported quitting their jobs, their schools or other forms of training because they could not make child care work for them. Many of the working poor have set up systems that involve passing their children around, with grandparents one day, a friend one day, someone else the other days, and if one link in that chain breaks, the whole system collapses and the parent has no choice but to miss work to care for the children, and that has a direct impact on the employer.

Turning to what is happening specifically in Bellevue, Ms. Anderson pointed out that the supply of child care has not in fact significantly decreased over the last six years. What has changed is that the type and composition has shifted. Family child care providers have been lost, but the number of child care centers has increased. Family child care is the most flexible for working families and it is the cornerstone of early learning for that reason. Traditionally, family child care providers have accepted subsidies at a higher rate than centers. The reduced number of family child care providers means there has been a loss in the number of sites that accept subsidies. Sadly, it is the family child care providers that are more deeply connected with their communities.

Chair Ma asked if child care in Bellevue, even though it has not dropped significantly, has kept up with the population increases. Ms. Anderson said that is an important point. There has been a significant increase in Bellevue's population but there has not been an associated market rise in available child care.

Ms. Anderson said across King County about 49 percent of centers accept subsidies compared to about 67 percent of family child care. In Bellevue, only about 26 percent

of centers and 47 percent of family child care accept subsidies. In some of the high areas, including Bellevue, rates for infant care are priced as high as \$3000 per month, and the market is allowing the elevated costs. Given that in Bellevue there are families able to pay those amounts, subsidy usage is driven down and that makes it even harder for families to find care.

Ms. Anderson said along with the strategy of engaging the business community in sharing in the solution making, the list of strategies includes providing support by way of subsidies; and partnering in flexible work schedules. Ms. Puffert added that another strategy is using the Dependent Care Assistance Program (DCAP), which involves a flexible spending account, that allows parents to set aside pre-tax dollars for child care. One issue is that the DCAP limit in 1990 is exactly what it is currently. Advocacy with the federal government is needed to allow businesses to be able to give the benefit, particularly for working families that fall between \$49,200 and \$80,000 annually. The beauty of the DCAP program is that involves paying as you go, unlike healthcare flexible accounts which involve some exposure. Additionally, businesses get tax savings on their social security costs by not having to pay the matching amount. DCAP is one of the biggest underutilized benefits available.

Ms. Puffert said Senator Murray has been working on relief for working families. She has introduced legislation that will not see a lot of traction until next year. The legislation would put a cap on the percentage of family income that can be spent toward child care. Initially the figure is seven percent, but it would be a win for working families at 20 percent. Locally, a lot of work is being done around increasing reimbursement amounts to equalize access by low-income families to child care. That issue has been advocated at the state level along with the educational requirements.

Ms. Anderson said the supply of child care clearly needs to be increased, as does the number of child care providers that accept subsidies. The educational pathway is a great example of seeking to fix some of the pieces before going through a big launch of inviting people into child care, only to have them face a lot of obstacles. There is a single center in Redmond that has accepted subsidies and served all of the homeless kids, but that center will with very little advance notice be closing its doors on March 1. When one site like that goes down, there are ripples throughout the community and highlights the need for more child care slots overall.

Answering a question asked by Commissioner Mercer, Ms. Puffert explained that there is a differentiated reimbursement rate for state subsidies by region. The rate is based on the average cost of care by region rather than a focused area median income approach. However, the \$49,200 annual income eligibility threshold applies statewide. What the state should actually be doing is indexing what it costs to live in an area, and that calculation should drive the subsidy levels. Ms. Anderson added that there are still providers in Bellevue that accept subsidies, but there are way more families with subsidy vouchers on their wait lists.

Commissioner Mercer said she found it interesting going into a funding cycle that often there is an over-pivot in regard to affordable housing. The fact is the continuum of human services goes far beyond just housing affordability and includes things that can drive families into homelessness.

Commissioner Kline asked if it is acceptable for a family with a voucher to pay the difference. Ms. Puffert said it is in fact against the law to do so. While it makes perfect sense for a third party, such as grandparents, to pay the difference, the rules do not allow for it. Providers accepting such payments could be forced to go out of business. A provider could be given an amount of money from the city to help cover the costs of the children in their care, provided it does not follow any specific child. Human Services Planner Christy Stangland noted the provider would have to be a non-profit.

Chair Ma asked if a pathway exists by which the city could contribute funding toward addressing the education requirements of providers. Ms. Puffert said currently before the legislature is the idea of a community based pathway to fulfill the educational requirements for providers. How it would be funded is an unknown. Government typically pays for a one-size-fits-all model that can leave out those providers who need translation services or additional support to apply what they are learning. Ms. Anderson added that King County is the most diverse county in the state and the family child care providers reflect that. Child Care Resources has a robust training arm, one of the many costs of which is translation and interpretation. In thinking about ways to invest funds to help solve the child care issues, additional costs that probably would not otherwise be covered by the government model should be kept in mind. The city does fund child care assistance through Child Care Resources, something many other cities do not do. The city also has chosen to help fund homeless child care.

Ms. Puffert said the science is clear that a child's brain is mostly built by the time they reach five years of age. Investments made in quality early learning can make a huge difference. Success in the K-12 system, the ability to go on to college and higher education, and the ability to live in Bellevue in the future starts in the birth to five years range, which is a time when families often struggle.

Ms. Stangland said one thing that came up regularly in the community conversations was the lack of school-aged child care, especially before- and after-school care. She asked if there is any ongoing advocacy in that area. Ms. Puffert said Schools Out Washington is very involved in that issue. She allowed that it is very challenging to provide before- and after-school care, and even worse is full-time care in the summer months for moderate-income families.

B. Supplemental for Human Services 2021-2022 Funding Cycle

Ms. Catalano presented the Commissioners with the revised supplemental. She noted that it begins with information about the Needs Update and the five goal areas. New to the document was the section outlining the gaps in available services

identified by the Needs Update and the statement that while not exhaustive, the specific items listed are prominent in the report. She said the list was shown in the priorities discussed previously by the Commission.

Commissioner Kline commented that the revision to the introduction made things flow much better and make more sense. She also commented that the list as shown does not come across as being in ranked priority order.

Ms. Catalano noted that prior year focus areas did not cover every single area but that did not prevent the Commission from funding along the continuum. She said the proposed list was not meant to be exclusive in any way.

Commissioner Kline called attention to the second bullet of the further considerations section and noted the focus is on funding sources that are governmental. The most critical funding source the Commission would like to see from agencies is fundraising from individuals or foundations, and she suggested that should be called out high on the list.

Chair Ma suggested the word “collaborations” would be better than “partnerships” in the fourth bullet of the same section. He said partnerships generally are very official but what is desired is an indication of overlaps between organizations. Commissioner Mercer agreed and said what the Commission wants to see is true relationships with other groups.

There was agreement to revise the fourth bullet heading to read “Partnerships and Collaborations,” and to use the phrase “substantive partnerships” rather than “significant partnerships” in the text.

Ms. Catalano said the funding requirements listed on the first page of the supplemental are not new requirements but are for the first time being explicitly stated in the document. The intent is to be very clear about Bellevue’s requirements.

Commissioner Kline referred to item 7 and suggested rather than calling out Form 990 the reference should be to filing any annual federal tax return.

Ms. O'Reilly noted that in item 5 organizations that do not have 501(c)(3) status must have a fiscal sponsor at the time the application period opens. During the last funding cycle there was an organization that did not have either at the time of the application and that triggered some complications, even though application had been made for 501(c)(3) status. If the Commission were to recommend funding for an organization that had 501(c)(3) status pending, but the organization did not receive confirmation in time for conveying the recommendation to the City Council, there would be complications.

Commissioner Kline suggested the wording of item 5 should be “Be a 501(c)(3) or have a fiscal sponsor that is a 501(c)(3) at the time the application period opens.” Ms. O'Reilly agreed that would be more explicit.

Ms. Esparza said she and Ms. O'Reilly recently met with an agency to review the application process. She said the agency has a fiscal sponsor who files a Form 990. Their question was if the financial statement or an audit requirement in Item 8 is a must be for the agency or the fiscal sponsor. She explained that the party filing the Form 990 is responsible for conducting all the financial reporting. In the worst case scenario, a Form 990 from the parent organization or fiscal partner that only includes a financial review or audit of the applying program could miss something that was not handled correctly between the parent organization and the program.

Commissioner Kline said she found it hard to imagine a scenario where a parent organization would have an audit of a separate subsidiary and not have it file its own Form 990. If an organization is large enough to justify an audit, it likely would be considered a standalone organization.

Ms. Catalano noted that as spelled out in the supplemental, agencies with budgets under \$1 million must submit financial statements reviewed annually by an independent third party, and agencies with budgets over \$1 million must obtain an annual third-party audit.

Commissioner Mercer asked where things stood in terms of being able to set aside some funds to allocate to smaller organizations that might not be able to meet all of the stated requirements. Ms. O'Reilly said the approach will not be taken up during the upcoming funding cycle. That is not to say it will not be done in the future. The approach was discussed with the other Eastside cities and the conclusion reached was that the cities should put some funding aside to assist smaller non-profits in providing substantial applications. Federal Way, Kent and United Way have all set aside funding for that purpose.

Commissioner Kline said a prime issue with the approach is related to monitoring, specifically how the city could scale down its monitoring and still meet all the requirements. An answer is needed as to whether the city can allocate funds and not have some formal monitoring process.

Ms. Esparza commented that when the Youth Link Board awarded grants, they inquired about the possibility of offering something along the lines of seed money for the development of new non-profits ahead of them having 501(c)(3) status. They were not allowed to do that by the city. It might be different where an organization has 501(c)(3) status and the issue is simply a reduced level of reporting and monitoring. Legal, Risk Management and the internal controls folks would have to weigh in with their perspectives.

Commissioner Mercer suggested one option would be to go to an organization like Eastside Refugee and Immigrant Coalition, which first challenged the Commission to consider funding small programs, and ask them to pull together a program through which they would be willing to serve as the fiscal sponsor for smaller community based organizations. The city could then fund that program, and ERIC could use the money to fund small programs. Ms. Esparza said that might be a possibility. Commissioner Mercer allowed it likely was too late to take that approach for the upcoming funding cycle.

Ms. Catalano reported that both Federal Way and Kent had mixed results even with the very limited reporting requirements they required. The small organizations struggled to comply and many hours of staff time was required to work through the issues.

There was agreement to retain the \$5000 minimum allocation.

There was also agreement to revise the first bullet paragraph under Item 8 to read “501(c)(3) agency financial statements reviewed annually by an independent third party.”

Returning to Item 7, Commissioner Kline suggested revising the paragraph to read “File the appropriate annual Form 990 by the 501(c)(3) agency as required by federal law.” Her suggestion was adopted.

There was consensus to move forward with the supplemental as revised.

C. HUD CDBG Monitoring Visit Update

Ms. Catalano noted that during the last week of September 2019, the Department of Housing and Urban Development (HUD) conducted a monitoring visit of the city’s CDBG programs. She noted HUD monitors all entitlement programs on a non-specific cycle based on risk and other factors. Their last monitoring visit to Bellevue was conducted five years ago. They found three findings and three concerns. The first finding was that Bellevue had not selected a specific definition of income to be used for home repair and other CDBG activities. Accordingly, a definition was added to the contract language. The second finding was that Bellevue does not track whether audits are required and submitted by CDBG sub-recipients. While the city does in fact require the audits with the application, a formal way of tracking was not included in the language. That revision has now been made. The third finding was that the budget for Jewish Family Service’s Immigrant & Refugee Service Center program includes a substantial amount of rent and utilities for their office space charged to the CDBG grant. The rent and utilities may not have been allowable to the grant according to the cost principles of 2 CFR Part 200. The issue was not that Jewish Family Service was charging something that was not eligible, rather it just was not clear in their scope of work how the rent they charged to the program was eligible.

Going forward, their itemized budget will indicate what is eligible and what the percentage is.

Ms. Catalano said a letter responding to the findings was sent to HUD. The HUD representative subsequently responded with an official letter indicating all of the findings have been closed.

8. OLD BUSINESS

Ms. Catalano reported that the city's 2020 CDBG entitlement amount was announced on February 14. She said the city will receive \$832,314, an increase of almost nine percent. Under the contingency plan, \$25,000 will flow to Ventures Microenterprise.

Ms. Catalano said the increase also increases the cap for Planning and Administration. Accordingly she proposed adding \$20,000 to the Planning budget, and allocating the balance to the Major Home Repair and Minor Home Repair programs in line with the contingency plan. Both programs appear to be well positioned to absorb the additional funding.

Ms. Esparza asked if the Sophia Way and Catholic Community Services shelter project is beyond the point where CDBG funds could be allocated to it. Ms. Catalano allowed that it is.

Ms. Esparza asked if Congregations for the Homeless is to the point where it could apply for CDBG funds. Commissioner Kline said during the agency tour it was noted that they are targeting 2022 to be open, though they acknowledged the goal is ambitious and likely not realistic. They are coming along on property acquisition though there are still details to be worked out.

Commissioner Mercer asked what Youth Link decided about participating in the funding process. Ms. Esparza said they will be coming to the Commission's March 3 meeting with a proposal for Youth Link to review the applications that are related to youth or other areas Youth Link is focusing on. The Youth Link board would review the staff reviews of the selected applications and create an assessment guide to be presented back to the Commission. They will not be making any dollar recommendations.

Ms. Stangland said a tour of Sophia Way has been scheduled for February 24 at 2:00 p.m. She also informed the Commissioners that she would be sending out an email soon regarding Equity Lens Training on March 17 in Bellevue or April 13 in either Kirkland or Redmond.

9. NEW BUSINESS – None

10. CONTINUED ORAL COMMUNICATIONS – None

11. ADJOURNMENT

A motion to adjourn was made by Commissioner Mercer. The motion was seconded by Commissioner Kline and the motion carried unanimously.

Chair Ma adjourned the meeting at 8:02 p.m.

Secretary to the Human Services Commission

Date

Chairperson of the Human Services Commission

Date