

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2195 S HB	<b>Title:</b> Early learning facilities
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	0	0	0	0	0	0	0	0	0

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Children, Youth, and Families	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Superintendent of Public Instruction	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Children, Youth, and Families	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	0.0	0	0	0.0	0	0	0.0	0	0

# Estimated Capital Budget Breakout

Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.
Superintendent of Public Instruction	Non-zero but indeterminate cost and/or savings. Please see discussion.

<b>Prepared by:</b> Myra Baldini, OFM	<b>Phone:</b> (360) 688-8208	<b>Date Published:</b> Final 2/26/2024
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2195 S HB	<b>Title:</b> Early learning facilities	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kelci Karl-Robinson	Phone: 360-786-7116	Date: 02/03/2024
Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 02/05/2024
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/05/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/05/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

SHB 2195 strengthens the early learning facilities grant and loan program by revising criteria and providing resources to the Ruth LeCocq Kagi early learning facilities development account.

No fiscal impact to the office.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2195 S HB	<b>Title:</b> Early learning facilities	<b>Agency:</b> 103-Department of Commerce
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## Part I: Estimates

No Fiscal Impact

**Estimated Cash Receipts to:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kelci Karl-Robinson	Phone: 360-786-7116	Date: 02/03/2024
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 02/07/2024
Agency Approval: Pouth Ing	Phone: 360-725-2715	Date: 02/07/2024
OFM Review: Myra Baldini	Phone: (360) 688-8208	Date: 02/07/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Differences between the substitute bill and the original bill:

- Removes the allocation of capital gains revenues to the Early Learning Facilities Development Account.
- Adds a new section to Department of Commerce (department) statute to expand the existing Early Learning Facilities (ELF) school district grant program, which requires coordination with the Office of the Superintendent of Public Instruction (OSPI). Note: This coordination is already occurring with regard to the current ELF school district program.
- Allows transfer and appropriations from the common school construction fund to implement the expanded ELF school district grant program.
- A severability clause was added.

The substitute reduces the fiscal impact to the department.

Bill Summary:

Section 1 amends RCW 43.31.577 removing grant funding caps, clarifies grant categories, adds a category for existing facilities, provides the authority for purchasing translation services, and requires prioritizing projects that are ready for construction.

Section 2 adds a section to RCW 43.31 requiring OSPI and the department to coordinate and cooperate on the ELF school district grant application and selection process. Allows funding for school district facility space for early learning programs and services.

Section 3 adds a new section to RCW 43.31 allowing affordable housing projects that receive ELF grant funding to include an on-site early learning facility to request reimbursement of grant funds at 90%, regardless of their match percentage for the project.

Section 5 amends RCW 43.31.569 to allow appropriations for ELF school district projects to be made from the common school construction fund.

Section 7 adds a severability clause.

Section 8 provides that Section 1 takes effect July 1, 2025.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

The revenue associated with this legislation is indeterminate. Funding available to the Common School Construction Fund is dependent upon capital gains tax revenue. Funding allocated to the ELF school districts grant program is dependent upon the number of applications received and recommended for funding consideration each even-numbered year, and which are approved by the Legislature in the biennial capital budget.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

There is no expenditure impact to the department and the updates needed to program guidelines in collaboration with OSPI and the Early Learning Facilities (ELF) Advisory Group can be accomplished with minimal additional staff time.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

NONE

**III. B - Expenditures by Object Or Purpose**

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**IV. B - Expenditures by Object Or Purpose**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

The impact on the capital budget is indeterminate with illustrative impacts provided below. It is not clear what level of tax collections via the Common School Construction Fund that would be appropriated for the Early Learning Facilities (ELF) school district project list. ELF has the authority to deduct up to 4% for administrative expenses.

Agency assumptions:

- The department assumes the added requirements and ELF funding availability for school districts is additive and complementary to the current ELF School District Grant Program, and not a new grant program.
- The department does not know how much of the Common Schools Construction Fund would be allocated to ELF school district projects, which would be dependent on the number of applications received, the number of applications determined eligible for funding in the application review process, and the number of eligible projects submitted to the Legislature for funding consideration each biennium.
- Historically, ELF school district funding has awarded between six and eight projects per biennium with the average award amount from the 2023-25 project list being \$865,000.



- The department assumes that the expansion of the existing ELF school district grant program under Section 2 and the removal of the funding caps in Section 1 will increase the level of demand for school district and eligible organizations funds.
- The department assumes additional administrative impacts to update program guidance, including community outreach and engagement, and for increased provider interest for the ELF suite of funding programs, which would be funded within the allowable administrative deduction from an ELF capital appropriation.
- Available funding for ELF eligible organizations grants from the Ruth LeCocq Kagi Early Learning Facilities Development Account may be available, with additional grants awarded if ELF school district funding is allocated from the Common Schools Construction Fund. The department assumes that for every 50 awarded contracts beyond current capacity, the department would require additional staff.

0.70 FTE Commerce Specialist 3 (1,461 hours) in FY25-FY29, to provide program technical assistance, program development, program operations, and contract management; providing or building capacity around solicitation, origination, management of program contracts; and providing program engagement and outreach to market the program to eligible entities.

0.15 FTE Commerce specialist 4 (313 hours) in FY25-FY29, to support the monitoring of in-progress and complete projects, licensing of facilities, and service provision to the public; analyze documentation, data, and contracts to evaluate compliance; visits sites to understand site availability and determine compliance.

0.15 FTE Commerce Specialist 5 (313 hours) in FY25-FY29, to provide day to day direct of staff. This includes assigning contracts and program planning elements to staff. Staff will also provide support work to policy and rule development, as required. Staff will also support application development, outreach, and application scoring and prioritization. Staff will present advanced technical business information to and coordinate with key stakeholders.

0.08 FTE WMS Band 2 (167 hours) in FY25-FY29, to provide leadership, oversight, supervision, rules coordination, and decision-making over all elements of the program. Will also provide expert policy advice and consultation on issues specific to the program and to areas that have agency wide implications. Staff will also support stakeholder meetings, application development, outreach, technical assistance, and application scoring and prioritization.

Salary and Benefits:

FY25-FY29: \$131,993 per fiscal year

Goods and Services:

FY25-FY29, the department will consult with the AAG for an estimated 10 hours at \$210 per hour (\$2,100 per year FY25-FY29) to assist with annual contracting revisions and programmatic inquiries for legal compliance. Other annual goods and services consists of ZoomGrants Application tool at \$2,458 per year.

FY25-FY29: \$14,926 per fiscal year

Travel Costs:

Travel includes outreach to communities across the state to provide information about the availability of this new capital program directly to eligible colleges and universities. Annual travel will consist of 10 days of outreach and engagement, with half of them requiring lodging due to outreach and engagement to Eastern Washington communities

FY25-FY29: \$2,475 per fiscal year

Intra-agency reimbursements:

FY25-FY29: \$43,426 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Total costs:

FY25-FY29: \$192,820 per fiscal year

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 2195 S HB	<b>Title:</b> Early learning facilities	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kelci Karl-Robinson	Phone: 60-786-7116	Date: 02/03/2024
Agency Preparation: Sara del Moral	Phone: 60-534-1525	Date: 02/05/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/05/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/05/2024

Request # 2195-2-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Note: This fiscal note reflects language in SHB 2195, 2024 Legislative Session.

#### COMPARISON OF SUBSTITUTE BILL WITH ORIGINAL BILL:

The substitute bill eliminates changes to distributions from capital gains tax revenues.

#### CURRENT LAW:

Washington's capital gains tax became effective January 1, 2022. The tax is imposed on the sale or exchange of long-term capital assets. Only individuals are subject to payment of the tax. However, individuals can be liable for the tax because of their ownership interest in a pass-through or disregarded entity that sells or exchanges long-term capital assets. The tax equals 7% multiplied by an individual's Washington capital gains.

All revenues collected during fiscal year 2024 are distributed as follows:

- The first \$524 million is deposited in the Education Legacy Trust Account.
- Any remaining amounts are deposited into the Common School Construction Account.

The Department of Revenue (department) adjusts amounts deposited into the Education Legacy Trust Account for inflation each year.

#### PROPOSAL:

The proposal does not impact the department.

#### EFFECTIVE DATE:

This bill takes effect on July 1, 2025.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

This legislation results in no revenue impact on taxes administered by the department.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

The department will not incur any costs with the implementation of this legislation.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

**III. B - Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

**III. C - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2195 S HB	<b>Title:</b> Early learning facilities	<b>Agency:</b> 307-Department of Children, Youth, and Families
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kelci Karl-Robinson	Phone: 360-786-7116	Date: 02/03/2024
Agency Preparation: Wendy Polzin	Phone: 2066702667	Date: 02/08/2024
Agency Approval: Sarah Emmans	Phone: 360-628-1524	Date: 02/08/2024
OFM Review: Seth Nickerson	Phone: (360) 995-3604	Date: 02/13/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Comparison of SHB 2195 and HB 2195

Section 3 stipulates that, for early learning facilities collocated with affordable or supportive housing developments, the Department of Commerce may remit state funding on a reimbursement basis for 90 percent of eligible project costs, regardless of the project's match amount. (This is the same as Section 2 in HB 2195.)

Section 5(3) authorizes the Early Learning Facilities (ELF) Development Account to receive transfers from the Common School Construction fund, for the purposes of funding school district facilities serving preschool or before-and-after school care programs.

Removes the section of HB 2195 that required distribution of capital gains tax revenue into the ELF Development Account.

HB 2195

Section 1 removes limits ELF predesign grants and loans, minor renovations & repairs, and the creation or expansion of existing early learning facilities beginning in Fiscal Year (FY) 2026. This section also stipulates that the Department of Commerce must prioritize applications for facilities ready for construction. This section also removes the \$1 million limit for purchase, major renovation, and expansion of early learning facilities by school districts.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

None.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

Section 1 of this bill, removing limits on ELF grants, has INDETERMINATE impacts to DCYF's Licensing Division.

In the enacted 23-25 Capital Budget (ESSB 5200), up to 4 percent of the amounts appropriated in the Ruth Lecocq Kagi Early Learning Facilities Development Account are contracted to DCYF from the Department of Commerce to provide technical assistance to early learning providers interested in applying for the early learning facility grant or loan program. If DCYF is to continue to provide technical assistance in future biennia, funding would be required.

DCYF assumes that the ELF program will have pre-licensing and licensing staff impacts associated with supporting prospective and expanding child care providers with opening or expanding in-home child care or centers. Fiscal impact to the licensing division is indeterminate and depends on the additional funding that may be appropriated, as well as specific project needs of the applicants/awardees.

It is assumed that Technical Assistance and Licensing costs could potentially begin in FY 2026.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

**III. B - Expenditures by Object Or Purpose**

Non-zero but indeterminate cost and/or savings. Please see discussion.

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2195 S HB	<b>Title:</b> Early learning facilities	<b>Agency:</b> 350-Superintendent of Public Instruction
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kelci Karl-Robinson	Phone: 360-786-7116	Date: 02/03/2024
Agency Preparation: Kirti Vijay	Phone: 3607256261	Date: 02/09/2024
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 02/09/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/12/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Sec. 1 amends RCW 43.31.577 and 2023 c 474 s 8031 to remove the grant or loan limits.

Sec. 1(1)(c) adds that early learning facilities grant and loan program may be used for renovations or repairs of existing early learning facilities.

Sec. 1(1)(e) includes translation services as part of eligible administration costs.

Sec. 1(2) specifies that applications for grants and loans for renovations or repairs of existing early learning facilities or major construction and renovation grants or loans must be prioritized based on facilities being ready for construction.

Sec. 2 is a new section.

Sec. 2 (1) describes that the legislature finds that some school districts provide early learning educational programs and resources at school district facilities. They help children prepare for kindergarten and beyond.

Sec. 2 (2) makes such facilities eligible for funding through the early learning grant and loan program.

Sec. 2 (3) specifies that the Department of Commerce and Office of Superintendent of Public Instruction must work with each other regarding the Department of Commerce's grant application and selection process.

Sec. 2 (4) clarifies that early learning programs and services are those provided to preschool age students and students in before and after school care program.

Sec. 3 is a new section and specifies that early learning facilities co located with housing developments are allowed to receive state funding for up to 90% of the project cost regardless of the proportionate match amount.

Sec. 4 expands eligibility of early learning facilities grant and loan program to be used for renovations or repairs of existing early learning facilities.

Sec. 5 includes transfers and appropriations from the common school construction fund to the early learning facilities development account. It also states that the common school construction funds may only be used for purposes of section 2 of the act.

Sec. 6 clarifies that for the purposes of this section, common schools include facilities owned by school districts in which the programs are operated by a school district or its contractor to serve preschool age students and students in before and after school care.

Sec. 7 states that if any provision of this act is held invalid, the remainder of the act is not affected.

Sec. 8 explains that Sec. 1 of this act takes effect on July 1, 2025.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

No impact to the Office of Superintendent of Public Instruction's (OSPI) cash receipts.

## II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

No impact to OSPI's operating budget.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

### IV. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

### IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Non-zero but indeterminate cost and/or savings. Please see discussion.

**IV. D - Capital FTE Detail:** FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.

NONE

The proposed legislation authorizes the early learning facilities development account to receive transfers and appropriations from the common school construction fund for purposes of funding school district facilities serving preschool aged students and students in before and after school care programs. However, the amount, number or frequency of transfers and appropriations out of the common school construction fund is not specified in the bill. Hence, the fiscal impact of the proposed legislation is indeterminate.

## Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.