
SECOND SUBSTITUTE HOUSE BILL 1777

State of Washington

65th Legislature

2017 Regular Session

By House Capital Budget (originally sponsored by Representatives Kagi, Johnson, Doglio, Dent, Ryu, MacEwen, Senn, Farrell, Nealey, Ortiz-Self, McBride, Macri, Fey, Slatter, and Jinkins)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to financing early learning facilities to support
2 the needed expansion of early learning classrooms across Washington;
3 adding new sections to chapter 43.31 RCW; and creating new sections.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that there is a
6 significant and critical need for additional early learning
7 facilities to meet the state's commitment to providing high quality
8 early learning opportunities to low-income children, including the
9 legal mandate to provide preschool opportunities through the early
10 childhood education and assistance program to all eligible children
11 by 2021.

12 The legislature further finds that private and public
13 partnerships and investments are critical to meeting the need for
14 increased classrooms necessary to deliver high quality early learning
15 opportunities to low-income children across Washington.

16 The legislature intends to provide state financial assistance to
17 leverage local and private resources to enable early childhood
18 education and assistance program contractors and child care providers
19 to expand, remodel, or construct early learning facilities and
20 classrooms necessary to support state-funded early learning
21 opportunities for low-income children.

1 NEW SECTION. **Sec. 2.** The department of early learning, in
2 consultation with stakeholders, shall review existing licensing
3 standards, including but not limited to, plumbing, fixtures, and
4 playground equipment, related to facility requirements to eliminate
5 potential barriers to licensing while ensuring the health and safety
6 of children in early learning programs.

7 NEW SECTION. **Sec. 3.** Unless the context clearly requires
8 otherwise, the definitions in this section apply throughout this act:

9 (1) "Department" means the department of commerce.

10 (2) "Director" means the director of commerce.

11 (3) "Early learning facility" means a facility providing
12 regularly scheduled care for a group of children one month of age
13 through twelve years of age for periods of less than twenty-four
14 hours.

15 NEW SECTION. **Sec. 4.** (1) The early learning facilities
16 revolving account is created in the state treasury. Revenues to the
17 account shall consist of appropriations by the legislature, early
18 learning facilities grant and loan repayments, and all other sources
19 deposited in the account.

20 (2)(a) Expenditures from the account shall be used, in
21 combination with other private and public funding, for state matching
22 funds for the planning, renovation, purchase, and construction of
23 early learning facilities as established in sections 5 through 9 of
24 this act.

25 (b) The department, in consultation with the department of early
26 learning, shall oversee the early learning facilities revolving
27 account and is the lead state agency for early learning facilities
28 grant and loan program development.

29 (c) It is the intent of the legislature that state funds invested
30 in the account be matched by private or local government funding.
31 Every effort shall be made to maximize funding available for early
32 learning facilities from public schools, community colleges,
33 education service districts, local governments, and private funders.

34 (d) Amounts used for program administration by the department may
35 not exceed an average of four percent in any two consecutive fiscal
36 years.

37 (e) Commitment of state funds may be given only after private
38 match funds are committed. Private match funds may consist of cash,

1 equipment, land, buildings, or like-kind. In determining the level of
2 match required, the department shall take into consideration the
3 financial need of the applicant and the economic conditions of the
4 location of the proposed facility.

5 (3) Expenditures from the account are subject to appropriation
6 and the allotment provisions of chapter 43.88 RCW.

7 NEW SECTION. **Sec. 5.** (1) The department must expend moneys from
8 the early learning facilities revolving account to provide state
9 matching funds for early learning facilities grants or loans to
10 provide classrooms necessary for children to participate in the early
11 childhood education and assistance program and working connections
12 child care. Grants or loans expended from the early learning
13 facilities revolving account may fund projects only for:

14 (a) Eligible organizations identified in section 6 of this act;
15 and

16 (b) School districts.

17 (2) Beginning August 1, 2017, the department shall:

18 (a) Implement and administer grants or loans funded through the
19 early learning facilities revolving account for school districts; and

20 (b) Contract with one or more nongovernmental private-public
21 partnerships that are certified by the community development
22 financial institutions fund to implement and administer grants and
23 loans funded through the early learning facilities revolving account
24 for eligible organizations. Any nongovernmental private-public
25 partnership that is certified by the community development financial
26 institutions fund that is seeking early learning fund resources must
27 demonstrate an ability to raise funding from private and other public
28 entities for early learning facilities construction projects.

29 (3) The department shall monitor performance of the early
30 learning facilities grant and loan program. Any nongovernmental
31 private-public partnership that is certified by the community
32 development financial institutions fund receiving state funds for
33 purposes of this act shall provide annual reports, beginning July 1,
34 2018, to the department. The reports must include, but are not
35 limited to, the following:

36 (a) A list of projects funded through the early learning
37 facilities grant or loan program for eligible organizations to
38 include:

39 (i) Name;

- 1 (ii) Location;
- 2 (iii) Grant or loan amount;
- 3 (iv) Private match amount;
- 4 (v) Public match amount;
- 5 (vi) Number of early learners served; and
- 6 (vii) Other elements as required by the department;
- 7 (b) A demonstration of sufficient investment of private match
- 8 funds; and
- 9 (c) A description of how the projects met the criteria described
- 10 in section 9 of this act.

11 NEW SECTION. **Sec. 6.** (1) Organizations eligible to receive

12 early learning facilities grants or loans include:

13 (a) Nonprofit early childhood education and assistance program

14 providers and working connections child care providers;

15 (b) Licensed nonprofit early learning centers not currently

16 participating in the early childhood education and assistance

17 program, but intending to do so;

18 (c) Nonprofit developers of housing and community facilities;

19 (d) Community and technical colleges;

20 (e) Educational service districts;

21 (f) Local governments; and

22 (g) Federally recognized tribes in the state.

23 (2) To be eligible to receive funds from awarded grants or loans

24 for activities described in section 7 (1) (b) and (c) and (2) of this

25 act, eligible organizations and school districts must:

26 (a) Commit to being an active participant in good standing with

27 the early achievers program as defined by chapter 43.215 RCW;

28 (b) Projects receiving construction, purchase, or renovation

29 grants or loans less than two hundred thousand dollars must

30 demonstrate that the project site is under the applicant's control

31 for a minimum of ten years, either through ownership or a long-term

32 lease;

33 (c) Projects receiving construction, purchase, or renovation

34 grants or loans less than two hundred thousand dollars must commit to

35 using the facility funded by the grant or loan for the purposes of

36 providing preschool or child care for a minimum of ten years;

37 (d) Projects receiving construction, purchase, or renovation

38 grants or loans of two hundred thousand dollars or more must

39 demonstrate that the project site is under the applicant's control

1 for a minimum of twenty years, either through ownership or a long-
2 term lease; and

3 (e) Projects receiving construction, purchase, or renovation
4 grants or loans of two hundred thousand dollars or more must commit
5 to using the facility funded by the grant or loan for the purposes of
6 providing preschool or child care for a minimum of twenty years.

7 (3)(a) Upon receiving a grant or loan guarantee, the grantee must
8 continue to be an active participant and in good standing with the
9 early achievers program.

10 (b) If the grantee ceases to be an active participant and in good
11 standing with the early achievers program, the grants or loans shall
12 be repaid to the early learning facilities revolving account. So long
13 as an eligible organization continues to provide an early learning
14 program in the facility and is an active participant and in good
15 standing with the early achievers program, the grant or loan
16 repayment is waived.

17 (c) The department, in consultation with the department of early
18 learning, is authorized to adopt rules related to this subsection
19 (3).

20 NEW SECTION. **Sec. 7.** (1) Activities eligible for funding
21 through the early learning facilities revolving account for eligible
22 organizations include:

23 (a) Facility predesign grants or loans of no more than ten
24 thousand dollars to allow eligible organizations to secure
25 professional services or consult with organizations certified by the
26 community development financial institutions fund to plan for and
27 assess the feasibility of early learning facilities projects or
28 receive other technical assistance to design and develop projects for
29 construction funding;

30 (b) Grants or loans of no more than one hundred thousand dollars
31 for minor renovations or repairs of existing early learning
32 facilities; and

33 (c) Major construction and renovation grants or loans and grants
34 or loans for facility purchases of no more than eight hundred
35 thousand dollars to create or expand early learning facilities.

36 (2) Activities eligible for funding through the early learning
37 facilities revolving account for school districts include grants and
38 loans for purchases and major construction and renovation grants or
39 loans of no more than eight hundred thousand dollars to create or

1 expand early learning facilities that received priority and ranking
2 as described in section 9 of this act.

3 (3) Beginning July 1, 2018, amounts in this section must be
4 increased annually by the United States implicit price deflator for
5 state and local government construction provided by the office of
6 financial management.

7 NEW SECTION. **Sec. 8.** (1) In the administration of the early
8 learning facilities grant and loan program for eligible
9 organizations, any nongovernmental private-public partnership that is
10 certified by the community development financial institutions fund
11 contracted with the department shall:

12 (a) Award grants or loans as described in section 7 of this act,
13 that meet the criteria described in section 9 of this act, through an
14 application process or in compliance with the regulations of the
15 funding source.

16 (b) It is the intent of the legislature that state funds invested
17 in the early learning facilities revolving account be matched by
18 private or local government funding each biennium. Every effort shall
19 be made to maximize funding available for early learning facilities
20 from public schools, community colleges, education service districts,
21 local governments, and private funders.

22 (2) In the administration of the early learning facilities grant
23 program for school districts, the department shall submit a ranked
24 and prioritized list of proposed purchases and major construction or
25 renovation of early learning facilities projects for school districts
26 subject to the prioritization methodology described in section 9 of
27 this act to the office of financial management and the relevant
28 legislative committees by September 15, 2017.

29 NEW SECTION. **Sec. 9.** (1) The department shall convene a
30 committee of early learning facilities experts including no less than
31 one representative each from the department of early learning, the
32 Washington state housing finance commission, an organization
33 certified by the community development financial institutions fund,
34 and the office of superintendent of public instruction to advise the
35 department regarding the prioritization methodology of grant
36 applications for projects described in section 7(2) of this act.

37 (2) When developing a prioritization methodology under this
38 section, the committee shall consider, but is not limited to:

1 (a) Projects that add part-day, full-day, or extended day early
2 childhood education assistance program slots in areas with the
3 highest unmet need;

4 (b) Projects benefitting low-income children;

5 (c) Projects located in low-income neighborhoods;

6 (d) Projects that provide more access to the early childhood
7 education and assistance program as a ratio of the children eligible
8 to participate in the program;

9 (e) Projects that are geographically disbursed relative to
10 statewide need;

11 (f) Projects that include new or renovated kitchen facilities
12 equipped to support the use of from scratch, modified scratch, or
13 other cooking methods that enhance overall student nutrition;

14 (g) Projects that provide the most full-day equivalent early
15 childhood education assistance program slots for the least
16 construction costs per slot;

17 (h) Projects that balance mixed-use development and rural
18 locations; and

19 (i) Projects that maximize resources available from the state
20 with funding from other public and private organizations, including
21 the use of state lands or facilities.

22 (3) Committee members shall serve without compensation, but may
23 request reimbursement for travel expenses as provided in RCW
24 43.03.050 and 43.03.060.

25 (4) Committee members are not liable to the state, the early
26 learning facilities revolving account, or to any other person as a
27 result of their activities, whether ministerial or discretionary, as
28 members except for willful dishonesty or intentional violation of the
29 law.

30 (5) The department may purchase liability insurance for members
31 and may indemnify these persons against the claims of others.

32 NEW SECTION. **Sec. 10.** Sections 3 through 9 of this act are each
33 added to chapter 43.31 RCW.

34 NEW SECTION. **Sec. 11.** If specific funding for the purposes of
35 sections 3 through 10 of this act, referencing sections 3 through 10
36 of this act by bill or chapter number and section number, is not

1 provided by June 30, 2017, in the omnibus capital appropriations act,
2 sections 3 through 10 of this act are null and void.

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