

2SHB 1777 - S COMM AMD

By Committee on Ways & Means

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that there is a
4 significant and critical need for additional early learning
5 facilities to meet the state's commitment to providing high quality
6 early learning opportunities to low-income children, including the
7 legal mandate to provide preschool opportunities through the early
8 childhood education and assistance program to all eligible children
9 by 2023.

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

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

20 NEW SECTION. **Sec. 2.** The department of early learning, in
21 consultation with stakeholders, shall review existing licensing
22 standards including, but not limited to, plumbing, fixtures, and
23 playground equipment, related to facility requirements to eliminate
24 potential barriers to licensing while ensuring the health and safety
25 of children in early learning programs. The department must create a
26 process by which projects for eligible organizations and school
27 districts receiving grants or loans from the early learning
28 facilities revolving account, the early learning facilities
29 development account, or the early learning facilities taxable bond
30 development account created in section 4 of this act can be

1 preapproved under existing licensing standards related to facility
2 requirements. The licensing standards accepted in the preapproval are
3 the licensing standards that must be met upon project completion.

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

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

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

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

12 NEW SECTION. **Sec. 4.** (1) The early learning facilities
13 revolving account, the early learning facilities development account,
14 and the early learning facilities taxable bond development account
15 are created in the state treasury. Revenues to the accounts shall
16 consist of appropriations by the legislature, early learning
17 facilities grant and loan repayments, and all other sources deposited
18 in the accounts, however only tax-exempt bond proceeds may be
19 deposited in the early learning facilities development account and
20 only taxable bond proceeds may be deposited in the early learning
21 facilities taxable bond development account.

22 (2) Expenditures from the accounts shall be used, in combination
23 with other private and public funding, for state matching funds for
24 the planning, renovation, purchase, and construction of early
25 learning facilities as established in sections 6 through 11 of this
26 act.

27 (3) Expenditures from the accounts are subject to appropriation
28 and the allotment provisions of chapter 43.88 RCW.

29 NEW SECTION. **Sec. 5.** (1) The department, in consultation with
30 the department of early learning, shall oversee the early learning
31 facilities revolving account, the early learning facilities
32 development account, and the early learning facilities taxable bond
33 development account, and is the lead state agency for the early
34 learning facilities grant and loan program.

35 (2) It is the intent of the legislature that state funds invested
36 in the accounts be matched by private or local government funding.
37 Every effort shall be made to maximize funding available for early

1 learning facilities from public schools, community colleges,
2 education service districts, local governments, and private funders.

3 (3) Amounts used for program administration by the department may
4 not exceed an average of four percent of expenditures in any two
5 consecutive fiscal years.

6 (4) Commitment of state funds may be given only after private
7 match funds are committed. Private match funds may consist of cash,
8 equipment, land, buildings, or like-kind. In determining the level of
9 match required, the department shall take into consideration the
10 financial need of the applicant and the economic conditions of the
11 location of the proposed facility.

12 NEW SECTION. **Sec. 6.** (1) The department must expend moneys from
13 the early learning facilities revolving account to provide state
14 matching funds for early learning facilities grants or loans to
15 provide classrooms necessary for children to participate in the early
16 childhood education and assistance program and working connections
17 child care.

18 (2) The department must expend moneys from the early learning
19 facilities development account to provide state matching funds for
20 early learning facilities grants to provide classrooms necessary for
21 children to participate in the early childhood education and
22 assistance program and working connections child care.

23 (3) The department must expend moneys from the early learning
24 facilities taxable bond development account to provide state matching
25 funds for early learning facilities loans and grants to provide
26 classrooms necessary for children to participate in the early
27 childhood education and assistance program and working connections
28 child care.

29 (4) Funds expended from the accounts as specified in subsections
30 (1), (2), and (3) of this section may fund projects only for:

31 (a) Eligible organizations identified in section 7 of this act
32 that received priority and ranking as described in section 10 of this
33 act; and

34 (b) School districts.

35 (5)(a) Beginning August 1, 2017, the department shall implement
36 and administer grants or loans funded through the early learning
37 facilities grant and loan program for school districts.

38 (b) Beginning August 1, 2017, the department may contract with
39 one or more nongovernmental private-public partnerships that are

1 certified by the community development financial institutions fund to
2 implement and administer grants and loans funded through the early
3 learning facilities revolving account, the early learning facilities
4 development account, or the early learning facilities taxable bond
5 development account, for eligible organizations. Amounts used for
6 program administration by a nongovernmental private-public
7 partnership may not exceed an average of four percent of expenditures
8 in any two consecutive fiscal years. The department may allow the
9 application of an eligible organization for a grant or loan from the
10 early learning facilities revolving account or the early learning
11 facilities development account created in section 4 of this act to be
12 considered without the involvement of the nongovernmental private-
13 public partnership that is certified by the community development
14 financial institutions fund if a nongovernmental private-public
15 partnership certified by the community development financial
16 institutions fund is not reasonably available to the location of the
17 proposed facility or if the eligible organization has sufficient
18 ability and capacity to proceed with a project absent the involvement
19 of a nongovernmental private-public partnership that is certified by
20 the community development financial institutions fund. Any
21 nongovernmental private-public partnership that is certified by the
22 community development financial institutions fund that is seeking
23 early learning fund resources must demonstrate an ability to raise
24 funding from private and other public entities for early learning
25 facilities construction projects.

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

33 (a) A list of projects funded through the early learning
34 facilities grant or loan program for eligible organizations to
35 include:

- 36 (i) Name;
- 37 (ii) Location;
- 38 (iii) Grant or loan amount;
- 39 (iv) Private match amount;
- 40 (v) Public match amount;

- 1 (vi) Number of early learners served; and
- 2 (vii) Other elements as required by the department;
- 3 (b) A demonstration of sufficient investment of private match
- 4 funds; and
- 5 (c) A description of how the projects met the criteria described
- 6 in section 10 of this act.

7 NEW SECTION. **Sec. 7.** (1) Organizations eligible to receive
8 funding from the early learning facilities grant or loan program
9 include:

- 10 (a) Early childhood education and assistance program providers;
- 11 (b) Working connections child care providers who are eligible to
- 12 receive state subsidies;
- 13 (c) Licensed early learning centers not currently participating
- 14 in the early childhood education and assistance program, but
- 15 intending to do so;
- 16 (d) Developers of housing and community facilities;
- 17 (e) Community and technical colleges;
- 18 (f) Educational service districts; and
- 19 (g) Federally recognized tribes in the state.

20 (2) To be eligible to receive funding from the early learning
21 facilities grant or loan program for activities described in section
22 8(1) (b) and (c) and (2) of this act, eligible organizations and
23 school districts must:

- 24 (a) Commit to being an active participant in good standing with
- 25 the early achievers program as defined by chapter 43.215 RCW;
- 26 (b) Projects receiving construction, purchase, or renovation
- 27 grants or loans less than two hundred thousand dollars must
- 28 demonstrate that the project site is under the applicant's control
- 29 for a minimum of ten years, either through ownership or a long-term
- 30 lease;
- 31 (c) Projects receiving construction, purchase, or renovation
- 32 grants or loans less than two hundred thousand dollars must commit to
- 33 using the facility funded by the grant or loan for the purposes of
- 34 providing preschool or child care for a minimum of ten years;
- 35 (d) Projects receiving construction, purchase, or renovation
- 36 grants or loans of two hundred thousand dollars or more must
- 37 demonstrate that the project site is under the applicant's control
- 38 for a minimum of twenty years, either through ownership or a long-
- 39 term lease; and

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

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

8 (b) If the grantee ceases to be an active participant and in good
9 standing with the early achievers program, the grants or loans shall
10 be repaid to the early learning facilities revolving account, the
11 early learning facilities development account, or the early learning
12 facilities taxable bond development account, as directed by the
13 department. So long as an eligible organization continues to provide
14 an early learning program in the facility and is an active
15 participant and in good standing with the early achievers program,
16 the grant or loan 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. 8.** (1) Activities eligible for funding
21 through the early learning facilities grant or loan program for
22 eligible 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 grant or loan program for school districts include major
38 construction, purchase, and renovation grants or loans of no more
39 than eight hundred thousand dollars to create or expand early

1 learning facilities that received priority and ranking as described
2 in section 10 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. 9.** (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 8 of this act,
13 that meet the criteria described in section 10 of this act, through
14 an 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 10 of
27 this act to the office of financial management and the relevant
28 legislative committees by September 15, 2017.

29 NEW SECTION. **Sec. 10.** (1) The department shall convene a
30 committee of early learning facilities experts to advise the
31 department regarding the prioritization methodology of applications
32 for projects described in section 8 of this act including no less
33 than one representative each from the department of early learning,
34 the Washington state housing finance commission, an organization
35 certified by the community development financial institutions fund,
36 and the office of the superintendent of public instruction.

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 benefiting 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 balance mixed-use development and rural
15 locations; and

16 (h) Projects that maximize resources available from the state
17 with funding from other public and private organizations, including
18 the use of state lands or facilities.

19 (3) Committee members shall serve without compensation, but may
20 request reimbursement for travel expenses as provided in RCW
21 43.03.050 and 43.03.060.

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

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

30 **Sec. 11.** RCW 43.185.050 and 2013 c 145 s 2 are each amended to
31 read as follows:

32 (1) The department must use moneys from the housing trust fund
33 and other legislative appropriations to finance in whole or in part
34 any loans or grant projects that will provide housing for persons and
35 families with special housing needs and with incomes at or below
36 fifty percent of the median family income for the county or standard
37 metropolitan statistical area where the project is located. At least
38 thirty percent of these moneys used in any given funding cycle shall
39 be for the benefit of projects located in rural areas of the state as

1 defined by the department. If the department determines that it has
2 not received an adequate number of suitable applications for rural
3 projects during any given funding cycle, the department may allocate
4 unused moneys for projects in nonrural areas of the state.

5 (2) Activities eligible for assistance from the housing trust
6 fund and other legislative appropriations include, but are not
7 limited to:

8 (a) New construction, rehabilitation, or acquisition of low and
9 very low-income housing units;

10 (b) Rent subsidies;

11 (c) Matching funds for social services directly related to
12 providing housing for special-need tenants in assisted projects;

13 (d) Technical assistance, design and finance services and
14 consultation, and administrative costs for eligible nonprofit
15 community or neighborhood-based organizations;

16 (e) Administrative costs for housing assistance groups or
17 organizations when such grant or loan will substantially increase the
18 recipient's access to housing funds other than those available under
19 this chapter;

20 (f) Shelters and related services for the homeless, including
21 emergency shelters and overnight youth shelters;

22 (g) Mortgage subsidies, including temporary rental and mortgage
23 payment subsidies to prevent homelessness;

24 (h) Mortgage insurance guarantee or payments for eligible
25 projects;

26 (i) Down payment or closing cost assistance for eligible first-
27 time home buyers;

28 (j) Acquisition of housing units for the purpose of preservation
29 as low-income or very low-income housing; and

30 (k) Projects making housing more accessible to families with
31 members who have disabilities.

32 (3) Preference shall be given for projects that include an early
33 learning facility.

34 (4) Legislative appropriations from capital bond proceeds may be
35 used only for the costs of projects authorized under subsection
36 (2)(a), (i), and (j) of this section, and not for the administrative
37 costs of the department.

38 ((+4)) (5) Moneys from repayment of loans from appropriations
39 from capital bond proceeds may be used for all activities necessary
40 for the proper functioning of the housing assistance program except

1 for activities authorized under subsection (2)(b) and (c) of this
2 section.

3 ~~((+5))~~ (6) Administrative costs associated with application,
4 distribution, and project development activities of the department
5 may not exceed three percent of the annual funds available for the
6 housing assistance program. Reappropriations must not be included in
7 the calculation of the annual funds available for determining the
8 administrative costs.

9 ~~((+6))~~ (7) Administrative costs associated with compliance and
10 monitoring activities of the department may not exceed one-quarter of
11 one percent annually of the contracted amount of state investment in
12 the housing assistance program.

13 NEW SECTION. **Sec. 12.** Sections 2 through 10 of this act are
14 each added to chapter 43.31 RCW."

2SHB 1777 - S COMM AMD

By Committee on Ways & Means

15 On page 1, line 2 of the title, after "Washington;" strike the
16 remainder of the title and insert "amending RCW 43.185.050; adding
17 new sections to chapter 43.31 RCW; and creating a new section."

EFFECT: Changes the entitlement date in the intent section for
the Early Childhood Education and Assistance Program (ECEAP) from
2021 to 2023.

DEL's review of existing licensing standards shall include, but
not be limited to, plumbing, fixtures, and playground equipment.

In addition to the Early Learning Facilities Revolving Account,
creates the Early Learning Facilities Development Account and the
Early Learning Facilities Taxable Bond Development Account:

Only tax-exempt bond proceeds may be deposited into the Early
Learning Facilities Development Account and expenditures from the
account must be used to provide state matching funds for early
learning facilities grants;

Only taxable bond proceeds may be deposited into the Early
Learning Facilities Taxable Bond Development Account and expenditures
from the account must be used to provide state matching funds for
early learning facilities loans and grants;

Expenditures from all three accounts are subject to appropriation
and the allotment process.

Nongovernmental private-public partnerships that are certified by
the Community Development Financial Institutions (CDFI) fund may
administer loans as well as grants.

Proceeds into the three accounts may be used for purchase as well as planning, renovation, and construction of early learning facilities.

The Department of Commerce shall convene a committee of early learning experts to advise the department regarding the prioritization of applications for funding for all projects, not just for projects within a school district.

The prioritization methodology is modified to include projects that include new or renovated kitchen facilities equipped to support the use of from scratch, modified scratch, or other cooking methods that enhance overall student nutrition.

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