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**SENATE BILL 5484**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Senators Honeyford, Rolfes, Billig, Chase, and Keiser; by request of Department of Early Learning

AN ACT Relating to updating the early learning facilities fund program; and amending RCW 43.31.502, 43.31.504, 43.31.506, 43.31.508, 43.31.512, and 43.31.514.

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

**Sec.**  RCW 43.31.502 and 1991 c 248 s 1 are each amended to read as follows:

(1) ((~~A child care~~)) An early learning facility revolving fund is created. Money in the fund shall be used solely for the purpose of starting or improving ((~~a child care~~)) an early learning facility that is participating in the early achievers program pursuant to this section and RCW ((~~43.31.085 and 43.31.502~~)) 43.31.504 through 43.31.514. Only moneys from private, state, or federal sources may be deposited into this fund. The early learning facility fund committee may use for the fund loan and grant repayments and other funding provided to the early learning facilities fund program.

(2) ((~~Funds provided under this section shall not be subject to reappropriation. The child care facility fund committee may use loan and grant repayments and income for the revolving fund program~~)) For purposes of this section and RCW 43.31.504 through 43.31.514, "early learning facility" means a facility providing regularly scheduled care for a group of children one month of age through twelve years of age for periods of less than twenty-four hours.

**Sec.**  RCW 43.31.504 and 1993 c 280 s 45 are each amended to read as follows:

(1) The ((~~child care~~)) early learning facility fund committee is established within the ((~~business assistance center of the department of community, trade, and economic development. The committee shall administer the child care facility fund, with review by the director of community, trade, and economic development~~)) department of early learning. The department of early learning must establish the policies and rules for the implementation of the purposes described in RCW 43.31.502. The department of commerce is responsible for ensuring that the early learning facility fund committee properly administers the early learning facility revolving fund. The early learning facility fund committee is responsible for awarding grants and loan guarantees to successful applicants from the early learning facility revolving fund.

((~~(1)~~)) (2) The committee ((~~shall have~~)) membership comprises five members. ((~~The director of community, trade, and economic development shall appoint the members, who shall include~~)) Each committee member shall be appointed as described in this subsection:

(a) ((~~Two persons experienced in investment finance and having skills in providing capital to new businesses, in starting and operating businesses, and providing professional services to small or expanding businesses;~~)) One person appointed by the governor;

(b) One person ((~~representing a philanthropic organization with experience in evaluating funding requests~~)) appointed by the office of the superintendent of public instruction with experience and expertise in facility planning, new construction, and modernization of kindergarten through twelfth grade education facilities;

(c) One person appointed by the director of the department of early learning with experience and expertise in early childhood education;

((~~(c)~~)) (d) One ((~~child care services expert~~)) person appointed by the director of the department of commerce with experience and expertise in competitive grants programs and capital projects for constructing new or renovating public facilities; and

((~~(d)~~)) (e) One ((~~early childhood development expert~~)) person appointed by the executive director of the Washington state housing finance commission with experience and expertise selling tax exempt bonds to lenders making loans to nonprofits for new construction and capital improvements of facilities.

(3) In making these appointments, ((~~the director shall give~~)) careful consideration shall be given to ensure that the various geographic regions of the state are represented and that members will be available for meetings and are committed to working cooperatively to address ((~~child care~~)) early learning facility needs in Washington state.

((~~(2)~~)) (4) The ((~~committee shall elect officers from among its membership and~~)) department of early learning shall adopt rules, policies, and procedures specifying the lengths of terms, methods for filling vacancies, and other matters necessary to the ongoing functioning of the committee.

((~~(3)~~)) (5) Committee members shall serve without compensation, but may request reimbursement for travel expenses as provided in RCW 43.03.050 and 43.03.060.

((~~(4)~~)) (6) Committee members shall not be liable to the state, to the ((~~child care~~)) early learning facility revolving fund, or to any other person as a result of their activities, whether ministerial or discretionary, as members except for willful dishonesty or intentional violation of the law. The department of ((~~community, trade, and economic development~~)) early learning may purchase liability insurance for members and may indemnify these persons against the claims of others.

**Sec.**  RCW 43.31.506 and 1991 c 248 s 2 are each amended to read as follows:

(1) The ((~~child care~~)) early learning facility fund committee is authorized to solicit applications for and award grants ((~~and loans~~)) from the ((~~child care~~)) early learning facility revolving fund to assist persons, ((~~businesses~~)) educational service districts, local school districts, local governments, state government agencies, community and technical colleges, federally recognized tribes, or organizations to start ((~~a~~)) an early childhood education assistance program facility or a nonprofit licensed ((~~child care~~)) early learning facility, or to make capital improvements in an existing early childhood education assistance program facility or a nonprofit licensed ((~~child care~~)) early learning facility. Grants ((~~and loans shall be awarded on a one-time only basis, and~~)) shall not be awarded to cover operating expenses beyond the first three months of business. The types and amount of operating expenses must be approved by the early learning facility fund committee. No grant shall exceed ((~~twenty-five~~)) five hundred thousand dollars. ((~~No loan shall exceed one hundred thousand dollars.~~))

(2) To be eligible for a grant or loan guarantee the applicant must be an active participant in good standing with the early achievers program, as defined by chapter 43.215 RCW. After receiving a grant or loan guarantee, the grantee must continue to be an active participant and in good standing with the early achievers program.

(3) A grantee that fails to remain an early achievers program active participant in good standing must repay the grant amount to the early learning facility revolving fund pursuant to RCW 43.31.514.

**Sec.**  RCW 43.31.508 and 1989 c 430 s 6 are each amended to read as follows:

(1) The ((~~child care~~)) early learning facility fund committee is authorized, upon application, to use the ((~~child care~~)) early learning facility revolving fund to guarantee loans made to persons, ((~~businesses,~~)) educational service districts, local school districts, local governments, state government agencies, community and technical colleges, federally recognized tribes, or organizations to start ((~~a~~)) an early childhood education assistance program facility or a nonprofit licensed ((~~child care~~)) early learning facility, or to make capital improvements in an existing early childhood education assistance program facility or a nonprofit licensed ((~~child care~~)) early learning facility.

((~~(1)~~)) (2) Loan guarantees ((~~shall be awarded on a one-time only basis, and~~)) shall not be awarded for loans to cover operating expenses beyond the first three months of business. The types and amount of operating expenses must be approved by the early learning facility fund committee.

((~~(2)~~)) (3) The total aggregate amount of the loan guarantee awarded to any applicant may not exceed ((~~twenty-five~~)) one hundred twenty-five thousand dollars and may not exceed eighty percent of the loan.

((~~(3)~~)) (4) The total aggregate amount of guarantee from the ((~~child care~~)) early learning facility revolving fund, with respect to the guaranteed portions of loans, may not exceed at any time an amount equal to five times the balance in the ((~~child care~~)) early learning facility revolving fund.

(5) To be eligible for a loan guarantee the applicant must be an active participant in good standing with the early achievers program, as defined by chapter 43.215 RCW. After receiving the loan guarantee, the grantee must continue to be an active participant and in good standing with the early achievers program.

**Sec.**  RCW 43.31.512 and 1989 c 430 s 7 are each amended to read as follows:

(1) The ((~~child care~~)) early learning facility fund committee shall award loan guarantees((~~, loans~~)) or grants to those persons, ((~~businesses,~~)) educational service districts, local school districts, local governments, state government agencies, community and technical colleges, federally recognized tribes, or organizations meeting the minimum standards set forth in this chapter who will best serve the intent of the chapter to increase the availability of high quality, affordable ((~~child care~~)) early learning in Washington state.

(2) The ((~~committee~~)) department of early learning shall ((~~promulgate~~)) adopt rules, policies, and procedures ((~~regarding~~)) for the application ((~~for~~)) and disbursement of loan guarantees((~~, loans,~~)) or grants from the fund, including ((~~loan~~)) terms and ((~~repayment~~)) procedures. At a minimum, such rules shall require an applicant to submit a plan which includes a detailed description of:

((~~(1)~~)) (a) The need for a new or improved ((~~child care~~)) early learning facility in the area served by the applicant;

((~~(2)~~)) (b) The steps the applicant will take to serve a reasonable number of handicapped children as defined in chapter 72.40 RCW, sick children, infants, children requiring nighttime or weekend care, or children whose costs of care are subsidized by government;

((~~(3)~~)) (c) Why financial assistance from the state is needed to start or improve the ((~~child care~~)) early learning facility;

((~~(4)~~)) (d) How the loan guarantee((~~d loan, loan,~~)) or grant will be used, and how such uses will meet the described need;

((~~(5)~~)) (e) The ((~~child care~~)) early learning services to be available at the facility and the capacity of the applicant to provide those services; and

((~~(6)~~)) (f) The financial status of the applicant, including other resources available to the applicant which will ensure the continued viability of the facility and the availability of its described services.

(3) To be eligible for a grant or loan guarantee the applicant must be an active participant in good standing with the early achievers program, as defined by chapter 43.215 RCW. After receiving a grant or loan guarantee, the grantee must continue to be an active participant and in good standing with the early achievers program.

(4) Recipients shall, annually for two years following the receipt of the loan guarantee((~~, loan,~~)) or grant, submit to the ((~~child care~~)) early learning facility fund committee a report on the facility and how it is meeting the ((~~child care~~)) early learning needs for which it was intended.

**Sec.**  RCW 43.31.514 and 1989 c 430 s 8 are each amended to read as follows:

((~~Where~~)) (1) If the ((~~child care~~)) early learning facility fund committee makes a grant under RCW 43.31.506 or 43.31.512 to a ((~~person, organization, or business~~)) grantee, the grant shall be repaid to the ((~~child care~~)) early learning facility revolving fund if the ((~~child care facility using the grant to start or expand~~)) grantee ceases to ((~~provide child care earlier than the following time periods from the date the grant is made:~~

~~(1) Twelve months for a grant up to five thousand dollars; (2) twenty-four months for a grant over five thousand dollars up to ten thousand dollars; (3) thirty-six months for a grant over ten thousand dollars up to fifteen thousand dollars; (4) forty-eight months for a grant over fifteen thousand dollars up to twenty thousand dollars; and (5) sixty months for a grant over twenty thousand dollars up to twenty-five thousand dollars~~)) remain an active participant in good standing in the early achievers program, as defined by chapter 43.215 RCW.

(2) The repayment amount must be equal to a percentage of the original grant amount received and may be up to one hundred percent. The number of years the grantee was in good standing in the early achievers program is the basis for determining the proper repayment percentage amount. The number of years must be calculated from the date of the grant to the date the grantee fails to remain an active participant in good standing with the early achievers program. The department of early learning shall adopt rules that define the repayment process and the repayment percentage amounts consistent with this subsection.

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