

# HOUSE BILL REPORT

## ESHB 1370

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### As Passed Legislature

**Title:** An act relating to early learning facilities.

**Brief Description:** Concerning grants for early learning facilities.

**Sponsors:** House Committee on Capital Budget (originally sponsored by Representatives Callan, Shewmake, Davis, Ramos, Leavitt, Duerr, Senn, Wicks, Chopp, Bateman, Kloba, Macri, Ramel, Harris-Talley, Pollet, Rule and Goodman).

#### Brief History:

##### Committee Activity:

Capital Budget: 2/2/21, 2/17/21 [DPS].

##### Floor Activity:

Passed House: 3/8/21, 90-7.

Passed Senate: 4/10/21, 46-3.

Passed Legislature.

#### Brief Summary of Engrossed Substitute Bill

- Increases the grant and loan award limits within the Early Learning Facilities (ELF) program.
- Adds program administration and technical assistance as allowable activities eligible for funding through the ELF program.
- Renames the ELF accounts the Ruth LeCocq Kagi ELF accounts.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 21 members: Representatives Tharinger, Chair; Callan, Vice Chair; Hackney, Vice Chair; Steele, Ranking Minority Member; Abbarno, Assistant Ranking Minority Member; Bateman, Dye, Eslick, Gilday, Kloba, Leavitt, MacEwen, Maycumber,

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

Mosbrucker, Peterson, Riccelli, Rule, Santos, Sells, Shewmake and Volz.

**Minority Report:** Do not pass. Signed by 2 members: Representatives McEntire, Assistant Ranking Minority Member; Kraft.

**Staff:** Kelci Karl-Robinson (786-7116).

**Background:**

The Department of Commerce (Commerce) administers the Early Learning Facilities (ELF) program, which provides grants and loans to eligible organizations to plan, renovate, purchase, and construct early learning facilities. The program is funded through the ELF revolving account and the ELF development account. Commerce's administration of the program may not exceed an average of 4 percent of appropriated funding. Eligible organizations include the Working Connections Child Care (WCCC) and Early Childhood Education and Assistance Program (ECEAP) providers, developers of housing and community facilities, community and technical colleges, educational service districts, local governments, federally recognized tribes, and religiously affiliated entities. In the 2021-23 biennium, eligible organizations may receive grants or loans up to:

- \$10,698 for facility predesign, feasibility planning, and project development;
- \$106,978 for minor renovation or repairs of existing early learning facilities; and
- \$855,823 to create, purchase, or expand early learning facilities.

In addition, school districts may receive grants or loans up to \$855,823 to purchase, construct, or renovate early learning classrooms for the WCCC and the ECEAP. Commerce determines the level of private or public match required for construction, purchase, or renovation projects. Any recipient of a grant or loan must own or secure a long-term lease for the project site and commit to using the funded facility for preschool or childcare for 10 years if the award is less than \$200,000 and for 20 years if the award is greater than \$200,000. Recipients must also commit to being an active participant in good standing with the Early Achievers quality rating and improvement system. If a recipient ceases to be in good standing with Early Achievers, the grant must be repaid.

**Summary of Engrossed Substitute Bill:**

Early Learning Facilities (ELF) program grant or loan amounts are increased:

- to \$20,000 for predesign grant or loans;
- to \$200,000 for minor renovations or repairs; and
- to \$1 million for major construction and renovation.

Grants or loans for predevelopment activities for eligible organizations to advance a major project are allowed up to \$200,000. Program administration and technical assistance are added as eligible for funding through the ELF grant and loan program for eligible organizations.

The ELF accounts are renamed the Ruth LeCocq Kagi ELF accounts. Statutory references are corrected.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** This bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Over 76 percent of direct appropriations related to early learning are for projects that exceed the current ELF program grant award levels. Early learning facilities provide education-based opportunities, create equity, and lift families out of poverty. In order for the state economy to fully recover in the short and long term, the state must address child care deserts and provide an adequate supply of child care. The cost of building or renovating a facility is often beyond the financial capability of local communities and organizations. A robust ELF program is critical to meeting the entitlement for the ECEAP. Early learning spaces within schools is competing with increased demand for transitional kindergarten and integrated special education services. Child-care retention and expansion are important to meeting the state needs for child care. The ELF grants and loans have helped early learning providers expand services. Expansion projects produce positive impacts in the communities by meeting demand for child care services. It is recommended that the Washington Early Learning Loan Fund be better integrated and streamlined with the ELF grant program.

(Opposed) None.

**Persons Testifying:** Representative Callan, prime sponsor; Debbie Campbell, United Way of Lewis County; David Webster, Opportunity Council; Gail Neal, Multicultural Child Family Hope Center; and Colleen Condon, Washington Childcare Centers Association.

**Persons Signed In To Testify But Not Testifying:** None.