
Early Learning & Human Services Committee

HB 1777

Brief Description: Concerning the financing of early learning facilities.

Sponsors: Representatives Kagi, Johnson, Doglio, Dent, Ryu, MacEwen, Senn, Farrell, Nealey, Ortiz-Self, McBride, Macri, Fey, Slatter and Jinkins.

Brief Summary of Bill

- Creates the Early Learning Facilities Revolving Account (ELFRA) to provide grants and loans for the planning, renovation, and construction of early learning facilities.
- Establishes prioritized criteria for ELFRA awards to school districts and other eligible organizations.

Hearing Date: 2/7/17

Staff: Dawn Eychaner (786-7135).

Background:

Department of Commerce.

The Department of Commerce (COM) administers programs intended to promote community and economic development. For example, the COM manages the Community Development Block Grant program, which provides federal grant funds to small counties, cities and towns for public facilities, community facilities, microenterprise, and affordable housing projects.

Department of Early Learning.

The Department of Early Learning (DEL) implements state early learning policy and oversees various programs serving young children including the Early Childhood Education and Assistance Program (ECEAP) and the Working Connections Child Care (WCCC) program. The Early Start Act of 2015 established an entitlement for ECEAP for all eligible children starting in the 2020-21 academic year.

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

Licensed ECEAP and WCCC providers are required to participate in the DEL's Early Achievers quality rating and improvement system. Early Achievers is a common set of standards to measure and improve the quality of early learning and child care. Participants advance through program levels based on criteria including child outcomes, facility curriculum and learning environment, professional development, and family engagement and partnership.

Community Development Financial Institutions Fund.

The Community Development Financial Institutions Fund (CDFI fund) is a program of the U.S. Department of the Treasury. The CDFI fund certifies non-governmental entities and tribal governments who operate banks, credit unions, loan funds, and venture capital funds to provide underserved communities with access to affordable financial services.

Certified organizations are eligible to apply for technical assistance, training, and financial assistance awards from the CDFI fund. Organizations must have a primary mission of promoting community development, provide both financial and educational services, and serve and maintain accountability to one or more defined target markets. Many CDFI fund certified organizations offer financing with terms more favorable than financing available through traditional lenders.

Summary of Bill:

Early Learning Facilities Revolving Account.

The Early Learning Facilities Revolving Account (ELFRA) is established and is overseen by the COM. The ELFRA funds must be distributed as state grants or loans to match private and other public funding. Eligible projects include the planning, renovation, and construction of early learning facilities to provide classroom space for ECEAP and WCCC. The account may receive revenues from appropriations, grant and loan repayments, and any other source.

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 or 20 years, depending on the amount of funding received.

Recipients must commit to being an active participant in good standing with Early Achievers. If the recipient ceases to be in good standing with Early Achievers, the grant or loan must be repaid to the ELFRA.

Project Prioritization.

The COM must convene a committee of early learning facilities experts to develop a prioritization methodology for project selection. When developing the prioritization methodology, the committee must consider projects that:

- add ECEAP slots in areas with the highest unmet need;
- benefit low-income children;
- are located in low-income neighborhoods;
- provide more access to ECEAP as a ratio of children eligible to participate;
- are geographically disbursed relative to statewide need;
- balance mixed-use development and rural locations; and

- maximize resources available from the state with funding from other public and private organizations, including the use of state lands or facilities.

Grants and Loans to Eligible Organizations.

Beginning August 1, 2017, the COM must contract with at least one nongovernmental private-public partnership certified by the CDFI fund to award funds from the ELFRA to eligible organizations. The private-public partnership must demonstrate an ability to raise funds for early learning construction projects and must report annually to the COM on projects funded through the ELFRA.

"Eligible organizations" include nonprofit ECEAP and WCCC providers, licensed early learning centers not currently participating in ECEAP but intending to participate, nonprofit developers of housing and community facilities, community and technical colleges, educational service districts, and federally recognized tribes.

Eligible organizations may receive grant or loans in amounts up to:

- \$10,000 for facility predesign and feasibility planning;
- \$100,000 for minor renovation or repairs; and
- \$800,000 to create or expand early learning facilities.

Grants and Loans to School Districts.

Beginning August 1, 2017, the COM must implement and administer grants or loans from the ELFRA to school districts. School districts may receive grants or loans in amounts up to \$800,000 to create or expand early learning facilities.

The COM must submit a ranked and prioritized list of early learning facilities projects for school districts to the Office of Financial Management and the Legislature by September 15, 2017.

Licensing Standards Review.

The DEL must consult with stakeholders to review existing facility licensing standards to eliminate potential licensing barriers while ensuring the health and safety of children in early learning programs.

If funding is not appropriated by June 30, 2017, all provisions except the licensing standards review by the DEL are null and void.

Appropriation: None.

Fiscal Note: Available.

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