

SENATE BILL REPORT

SB 5484

As of February 20, 2017

Title: An act relating to updating the early learning facilities fund program.

Brief Description: Updating the early learning facilities fund program.

Sponsors: Senators Honeyford, Rolfes, Billig, Chase and Keiser; by request of Department of Early Learning.

Brief History:

Committee Activity: Ways & Means: 2/16/17.

Brief Summary of Bill

- Replaces the Child Care Facility Revolving Fund with the Early Learning Facility Revolving Fund (fund) to be used solely for starting or improving an early learning facility that is participating in the Early Achievers program.
- Establishes a five member Early Learning Facility Fund Committee (Committee) with the Department of Early Learning to administer the fund.
- Requires the Committee to award grants or loan guarantees to eligible applicants who will best serve the intent to increase the availability of high quality, affordable early learning in the state.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Maria Hovde (786-7474)

Background: Child Care Facility Revolving Fund. In 1989, the Child Care Facility Revolving Fund was established within the Department of Trade and Economic Development, now the Department of Commerce, to help increase the supply, affordability, and quality of child care in the state. The Child Care Facility Revolving Fund is administered by the Child Care Facility Fund Committee composed of five members appointed by the Department of Commerce. The Child Care Facility Revolving Fund utilizes

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moneys from private or federal sources for the purpose of starting or improving a child care facility.

Early Childhood Education and Assistance Program. The Early Childhood Education and Assistance Program (ECEAP) is the Washington State preschool program established to help prepare children who are at least three years old and not yet five years old to enter kindergarten. The ECEAP serves families at or below 110 percent of the federal poverty level and, in addition to preschool programming, provides family support and health services.

Approved ECEAPs receive state-funded support through the Department of Early Learning (DEL). Public or private nonsectarian organizations, including but not limited to, school districts, community and technical colleges, local governments, and nonprofit organizations, are eligible to participate as an ECEAP provider. Beginning in the 2020-21 school year, enrollment in the ECEAP will become an entitlement for those who are eligible and elect to participate.

Early Achievers Program. In 2007, the quality rating and improvement system for the early care and education system in Washington was created, called Early Achievers (EA). The EA program establishes a common set of expectations and standards that define, measure, and improve the quality of early learning and child care settings.

There are five levels in the EA program. Licensed or certified child care programs enter the program at level 1. Participants advance to level 2 when they officially enroll in the EA program. At level 2, participants are required to complete several activities such as a self-assessment and trainings. For levels 3-5 participants are evaluated and earn points in the following areas: child outcomes; facility curriculum and learning environment and interaction; professional development and training; and family engagement and partnership. At levels 3, 4, and 5, EA program participants are evaluated and assigned a rating. The EA program provides participants with coaching, training opportunities, professional development scholarships and grants, technical assistance, and consultation.

In 2015, DEL was authorized to require all licensed or certified child care centers and homes, and early learning programs serving non-school age children and receiving state funds, to participate in the EA program. Participants are expected to actively engage and continually advance in the program.

Summary of Bill: The Child Care Facility Revolving Fund is replaced with the Early Learning Facility Revolving Fund (fund) to be used solely for starting or improving an early learning facility that is participating in the EA program. The fund is administered by the Early Learning Facility Fund Committee (Committee), which is established within DEL, and is composed of the following members: (1) one person appointed by the Governor; (2) one person appointed by the Office of the Superintendent of Public Instruction with expertise in facility planning, new construction, and modernization of K-12 facilities; (3) one person appointed by DEL with expertise in early childhood education; (4) one person appointed by the Department of Commerce with expertise in competitive grants programs and capital projects for construction new or renovating public facilities; and (5) one person appointed by the executive director of the Washington State Housing Finance Commission with expertise in selling tax exempt bonds to lenders making loans to nonprofits. DEL must adopt rules,

policies, and procedures specifying term lengths, methods for filling vacancies, and other matters necessary to the function of the committee. DEL is required to establish rules and policies to implement the purposes of the fund and the Department of Commerce is required to ensure that the Committee properly administers the fund.

The Committee is authorized to solicit applications for and award grants and loan guarantees from the fund to assist persons, education service districts, local school districts, local governments, state government agencies, community and technical colleges, federally recognized tribes, or organizations to start an ECEAP facility or a nonprofit licensed early learning facility, or to make capital improvements to an existing ECEAP facility or a nonprofit licensed early learning facility. Neither grants nor loans from the fund shall be awarded to cover operating expenses beyond the first the months of business and the types and amounts of operating expenses must be approved by the Committee. No grant shall exceed \$500,000 and the total aggregate amount of the loan guarantee may not exceed \$125,000 and may not exceed 80 percent of the loan. The total aggregate amount of guarantee from the fund may not exceed at any time an amount equal to five times the balance in the fund. To be eligible for a grant or loan guarantee the applicant must be an active participant in good standing with the EA program.

The Committee must award grants or loan guarantees to eligible applicants who will best serve the intent to increase the availability of high quality, affordable early learning in the state. DEL must adopt rules for the application and disbursement of grants or loan guarantees from the fund. At a minimum, these rules must require an applicant to submit a plan which includes a detailed description of: (1) the need for a new or improved early learning facility in the area served by the applicant; (2) the steps the applicant will take to serve a reasonable number of handicapped children, sick children, infants, children requiring nighttime or weekend care, or children whose costs of care are government subsidized; (3) why financial assistance from the state is needed to start/improve the early learning facility; (4) how the loan guarantee or grant will be used and how such uses will meet the described need; (5) the early learning services to be available at the facility and the capacity of the applicant to provide those services; and (6) the financial status of the applicant, including other resources available to the applicant to ensure the continued viability of the facility and its described services.

Every year for the two years immediately following receipt of the grant or loan guarantee, recipients must submit to the Committee a report on the facility and how it is meeting the early learning needs for which it was intended. Any grant issued must be repaid to the fund if the grantee ceases to remain an active participant in good standing in the EA program. The repayment amount must be equal to a percentage of the original grant amount received and may be up to 100 percent. The number of years the grantee was in good standing in the EA program is the basis for determining the proper repayment percentage amount. DEL is required to adopt rules that define the repayment process and the repayment percentage amounts.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: We need to lay a foundation for full funding for ECEAP. Developing a program to match local or private dollars is a good approach. We need more slots and facilities for child care. Family home providers are a large piece of child care in the state, especially in rural areas, so they need to be included in this bill. The kinds of renovations that are needed for family home providers would not necessarily be considered an improvement on residential property value. Only 44 percent of our kids are arriving to school kindergarten ready and ECEAP is one of the strongest solutions to ensuring children are prepared for school. Barriers to expansion include lack of facilities and costs for renovation. ECEAP is in 36 of 39 counties and in 9 of those 36 counties they are serving less than 40 percent of kids who are eligible. Only serving approximately 30 percent of eligible children in ECEAP. More than 60 percent of ECEAP classrooms are in school facilities. This bill will help school districts, especially those with high needs, to build early learning facilities.

Persons Testifying: PRO: Alex Hur, SEIU 925; David Foster, Washington State Alliance of YMCAs; Kristin Wiggins, ReadyNation / State Director; Suzie Hanson, WA Federation of Independent Schools; Suzanne Boursaw, Lower Columbia College Head Start/ECEAP; Robert Butts, OSPI.

Persons Signed In To Testify But Not Testifying: No one.