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**SUBSTITUTE HOUSE BILL 1777**

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**State of Washington**

**65th Legislature**

**2017 Regular Session**

**By** House Early Learning & Human Services (originally sponsored by Representatives Kagi, Johnson, Doglio, Dent, Ryu, MacEwen, Senn, Farrell, Nealey, Ortiz-Self, McBride, Macri, Fey, Slatter, and Jinkins)

READ FIRST TIME 02/13/17.

1 AN ACT Relating to financing early learning facilities to support  
2 the needed expansion of early learning classrooms across Washington;  
3 adding new sections to chapter 43.31 RCW; and creating new sections.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that there is a  
6 significant and critical need for additional early learning  
7 facilities to meet the state's commitment to providing high quality  
8 early learning opportunities to low-income children, including the  
9 legal mandate to provide preschool opportunities through the early  
10 childhood education and assistance program to all eligible children  
11 by 2021.

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

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

1        NEW SECTION.     **Sec. 2.**     The department of early learning, in  
2     consultation with stakeholders, shall review existing licensing  
3     standards related to facility requirements to eliminate potential  
4     barriers to licensing while ensuring the health and safety of  
5     children in early learning programs.

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

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

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

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

14       NEW SECTION.     **Sec. 4.**     (1) The early learning facilities  
15     revolving account is created in the state treasury. Revenues to the  
16     account shall consist of appropriations by the legislature, early  
17     learning facilities grant and loan repayments, and all other sources  
18     deposited in the account.

19       (2)(a) Expenditures from the account shall be used, in  
20     combination with other private and public funding, for state matching  
21     funds for the planning, renovation, purchase, and construction of  
22     early learning facilities as established in sections 5 through 9 of  
23     this act.

24       (b) The department, in consultation with the department of early  
25     learning, shall oversee the early learning facilities revolving  
26     account and is the lead state agency for early learning facilities  
27     grant and loan program development.

28       (c) It is the intent of the legislature that state funds invested  
29     in the account be matched by private or local government funding.  
30     Every effort shall be made to maximize funding available for early  
31     learning facilities from public schools, community colleges,  
32     education service districts, local governments, and private funders.

33       (d) Amounts used for program administration by the department may  
34     not exceed an average of four percent in any two consecutive fiscal  
35     years.

36       (e) Commitment of state funds may be given only after private  
37     match funds are committed. Private match funds may consist of cash,  
38     equipment, land, buildings, or like-kind.

1 (3) Expenditures from the account are subject to appropriation  
2 and the allotment provisions of chapter 43.88 RCW.

3 NEW SECTION. **Sec. 5.** (1) The department must expend moneys from  
4 the early learning facilities revolving account to provide state  
5 matching funds for early learning facilities grants or loans to  
6 provide classrooms necessary for children to participate in the early  
7 childhood education and assistance program and working connections  
8 child care. Grants or loans expended from the early learning  
9 facilities revolving account may fund projects only for:

10 (a) Eligible organizations identified in section 6 of this act;  
11 and

12 (b) School districts.

13 (2) Beginning August 1, 2017, the department shall:

14 (a) Implement and administer grants or loans funded through the  
15 early learning facilities revolving account for school districts; and

16 (b) Contract with one or more nongovernmental private-public  
17 partnerships that are certified by the community development  
18 financial institutions fund to implement and administer grants and  
19 loans funded through the early learning facilities revolving account  
20 for eligible organizations. Any nongovernmental private-public  
21 partnership that is certified by the community development financial  
22 institutions fund that is seeking early learning fund resources must  
23 demonstrate an ability to raise funding from private and other public  
24 entities for early learning facilities construction projects.

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

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

35 (i) Name;

36 (ii) Location;

37 (iii) Grant or loan amount;

38 (iv) Private match amount;

39 (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 9 of this act.

7 NEW SECTION. **Sec. 6.** (1) Organizations eligible to receive  
8 early learning facilities grants or loans include:

- 9 (a) Nonprofit early childhood education and assistance program  
10 providers and working connections child care providers;  
11 (b) Licensed nonprofit early learning centers not currently  
12 participating in the early childhood education and assistance  
13 program, but intending to do so;  
14 (c) Nonprofit developers of housing and community facilities;  
15 (d) Community and technical colleges;  
16 (e) Educational service districts;  
17 (f) Local governments; and  
18 (g) Federally recognized tribes in the state.

19 (2) To be eligible to receive funds from awarded grants or loans  
20 for activities described in section 7(1) (b) and (c) and (2) of this  
21 act, eligible organizations and school districts must:

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

1 to using the facility funded by the grant or loan for the purposes of  
2 providing preschool or child care for a minimum of twenty years.

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

6 (b) If the grantee ceases to be an active participant and in good  
7 standing with the early achievers program, the grants or loans shall  
8 be repaid to the early learning facilities revolving account. So long  
9 as an eligible organization continues to provide an early learning  
10 program in the facility and is an active participant and in good  
11 standing with the early achievers program, the grant or loan  
12 repayment is waived.

13 (c) The department, in consultation with the department of early  
14 learning, is authorized to adopt rules related to this subsection  
15 (3).

16 NEW SECTION. **Sec. 7.** (1) Activities eligible for funding  
17 through the early learning facilities revolving account for eligible  
18 organizations include:

19 (a) Facility predesign grants or loans of no more than ten  
20 thousand dollars to allow eligible organizations to secure  
21 professional services or consult with organizations certified by the  
22 community development financial institutions fund to plan for and  
23 assess the feasibility of early learning facilities projects or  
24 receive other technical assistance to design and develop projects for  
25 construction funding;

26 (b) Grants or loans of no more than one hundred thousand dollars  
27 for minor renovations or repairs of existing early learning  
28 facilities; and

29 (c) Major construction and renovation grants or loans and grants  
30 or loans for facility purchases of no more than eight hundred  
31 thousand dollars to create or expand early learning facilities.

32 (2) Activities eligible for funding through the early learning  
33 facilities revolving account for school districts include grants and  
34 loans for purchases and major construction and renovation grants or  
35 loans of no more than eight hundred thousand dollars to create or  
36 expand early learning facilities that received priority and ranking  
37 as described in section 9 of this act.

38 (3) Beginning July 1, 2018, amounts in this section must be  
39 increased annually by the United States implicit price deflator for

1 state and local government construction provided by the office of  
2 financial management.

3 NEW SECTION. **Sec. 8.** (1) In the administration of the early  
4 learning facilities grant and loan program for eligible  
5 organizations, any nongovernmental private-public partnership that is  
6 certified by the community development financial institutions fund  
7 contracted with the department shall:

8 (a) Award grants or loans as described in section 7 of this act,  
9 that meet the criteria described in section 9 of this act, through an  
10 application process or in compliance with the regulations of the  
11 funding source.

12 (b) It is the intent of the legislature that state funds invested  
13 in the early learning facilities revolving account be matched by  
14 private or local government funding each biennium. Every effort shall  
15 be made to maximize funding available for early learning facilities  
16 from public schools, community colleges, education service districts,  
17 local governments, and private funders.

18 (2) In the administration of the early learning facilities grant  
19 program for school districts, the department shall submit a ranked  
20 and prioritized list of proposed purchases and major construction or  
21 renovation of early learning facilities projects for school districts  
22 subject to the prioritization methodology described in section 9 of  
23 this act to the office of financial management and the relevant  
24 legislative committees by September 15, 2017.

25 NEW SECTION. **Sec. 9.** (1) The department shall convene a  
26 committee of early learning facilities experts including no less than  
27 one representative each from the department of early learning, the  
28 Washington state housing finance commission, an organization  
29 certified by the community development financial institutions fund,  
30 and the office of superintendent of public instruction to advise the  
31 department regarding the prioritization methodology of grant  
32 applications for projects described in section 7(2) of this act.

33 (2) When developing a prioritization methodology under this  
34 section, the committee shall consider, but is not limited to:

35 (a) Projects that add part-day, full-day, or extended day early  
36 childhood education assistance program slots in areas with the  
37 highest unmet need;

38 (b) Projects benefitting low-income children;

1 (c) Projects located in low-income neighborhoods;

2 (d) Projects that provide more access to the early childhood  
3 education and assistance program as a ratio of the children eligible  
4 to participate in the program;

5 (e) Projects that are geographically disbursed relative to  
6 statewide need;

7 (f) Projects that balance mixed-use development and rural  
8 locations; and

9 (g) Projects that maximize resources available from the state  
10 with funding from other public and private organizations, including  
11 the use of state lands or facilities.

12 (3) Committee members shall serve without compensation, but may  
13 request reimbursement for travel expenses as provided in RCW  
14 43.03.050 and 43.03.060.

15 (4) Committee members are not liable to the state, the early  
16 learning facilities revolving account, or to any other person as a  
17 result of their activities, whether ministerial or discretionary, as  
18 members except for willful dishonesty or intentional violation of the  
19 law.

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

22 NEW SECTION. **Sec. 10.** Sections 3 through 9 of this act are each  
23 added to chapter 43.31 RCW.

24 NEW SECTION. **Sec. 11.** If specific funding for the purposes of  
25 sections 3 through 10 of this act, referencing sections 3 through 10  
26 of this act by bill or chapter number and section number, is not  
27 provided by June 30, 2017, in the omnibus capital appropriations act,  
28 sections 3 through 10 of this act are null and void.

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