
SUBSTITUTE SENATE BILL 5753

State of Washington 65th Legislature 2017 Regular Session

By Senate Ways & Means (originally sponsored by Senators Zeiger, Rolfes, Billig, Braun, Warnick, Hunt, and Walsh)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to financing early learning facilities to support
2 the needed expansion of early learning classrooms across Washington;
3 amending RCW 43.185.050; adding new sections to chapter 43.31 RCW;
4 and a creating new section.

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

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

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

17 The legislature intends to provide state financial assistance to
18 leverage local and private resources to enable early childhood
19 education and assistance program contractors and child care providers
20 to expand, remodel, or construct early learning facilities and

1 classrooms necessary to support state-funded early learning
2 opportunities for low-income children.

3 NEW SECTION. **Sec. 2.** The department of early learning, in
4 consultation with stakeholders, shall review existing licensing
5 standards related to facility requirements to eliminate potential
6 barriers to licensing while ensuring the health and safety of
7 children in early learning programs. The department must create a
8 process by which projects for eligible organizations and school
9 districts receiving grants or loans from the early learning
10 facilities revolving account created in section 4 of this act can be
11 preapproved under existing licensing standards related to facility
12 requirements. The licensing standards accepted in the preapproval are
13 the licensing standards that must be met upon project completion.

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

- 16 (1) "Department" means the department of commerce.
17 (2) "Director" means the director of commerce.
18 (3) "Early learning facility" means a facility providing
19 regularly scheduled care for a group of children one month of age
20 through twelve years of age for periods of less than twenty-four
21 hours.

22 NEW SECTION. **Sec. 4.** (1) The early learning facilities
23 revolving account is created in the state treasury. Revenues to the
24 account shall consist of appropriations by the legislature, early
25 learning facilities grant and loan repayments, and all other sources
26 deposited in the account.

27 (2)(a) Expenditures from the account shall be used, in
28 combination with other private and public funding, for state matching
29 funds for the planning, renovation, and construction of early
30 learning facilities as established in sections 5 through 9 of this
31 act.

32 (b) The department, in consultation with the department of early
33 learning, shall oversee the early learning facilities revolving
34 account and is the lead state agency for early learning facilities
35 grant and loan program development.

36 (c) It is the intent of the legislature that state funds invested
37 in the account be matched by private or local government funding.

1 Every effort shall be made to maximize funding available for early
2 learning facilities from public schools, community colleges,
3 education service districts, local governments, and private funders.

4 (d) Amounts used for program administration by the department may
5 not exceed an average of four percent of expenditures in any two
6 consecutive fiscal years.

7 (e) Commitment of state funds may be given only after private
8 match funds are committed. Private match funds may consist of cash,
9 equipment, land, buildings, or like-kind. In determining the level of
10 match required, the department shall take into consideration the
11 financial need of the applicant and the economic conditions of the
12 location of the proposed facility.

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

15 NEW SECTION. **Sec. 5.** (1) The department must expend moneys from
16 the early learning facilities revolving account to provide state
17 matching funds for early learning facilities grants or loans to
18 provide classrooms necessary for children to participate in the early
19 childhood education and assistance program and working connections
20 child care. Grants or loans expended from the early learning
21 facilities revolving account may fund projects only for:

22 (a) Eligible organizations identified in section 6 of this act;
23 and

24 (b) School districts.

25 (2)(a) Beginning August 1, 2017, the department shall implement
26 and administer grants or loans funded through the early learning
27 facilities revolving account for school districts.

28 (b) Beginning August 1, 2017, the department may contract with
29 one or more nongovernmental private-public partnerships that are
30 certified by the community development financial institutions fund to
31 implement and administer grants funded through the early learning
32 facilities revolving account for eligible organizations. The
33 department may allow the application of an eligible organization for
34 a grant or loan from the early learning facilities revolving account
35 created in section 4 of this act to be considered without the
36 involvement of the nongovernmental private-public partnership that is
37 certified by the community development financial institutions fund if
38 a nongovernmental private-public partnership certified by the
39 community development financial institutions fund is not reasonably

1 available to the location of the proposed facility or if the eligible
2 organization has sufficient ability and capacity to proceed with a
3 project absent the involvement of a nongovernmental private-public
4 partnership that is certified by the community development financial
5 institutions fund, however the department must prioritize these
6 projects according to the methodology described in section 9 of this
7 act. Any nongovernmental private-public partnership that is certified
8 by the community development financial institutions fund that is
9 seeking early learning fund resources must demonstrate an ability to
10 raise funding from private and other public entities for early
11 learning facilities construction projects.

12 (3) The department shall monitor performance of the early
13 learning facilities grant and loan program. Any nongovernmental
14 private-public partnership that is certified by the community
15 development financial institutions fund receiving state funds for
16 purposes of this act shall provide annual reports, beginning July 1,
17 2018, to the department. The reports must include, but are not
18 limited to, the following:

19 (a) A list of projects funded through the early learning
20 facilities grant or loan program for eligible organizations to
21 include:

22 (i) Name;

23 (ii) Location;

24 (iii) Grant or loan amount;

25 (iv) Private match amount;

26 (v) Public match amount;

27 (vi) Number of early learners served; and

28 (vii) Other elements as required by the department;

29 (b) A demonstration of sufficient investment of private match
30 funds; and

31 (c) A description of how the projects met the criteria described
32 in section 9 of this act.

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

35 (a) Early childhood education and assistance program providers;

36 (b) Working connections child care providers who are eligible to
37 receive state subsidies;

1 (c) Licensed early learning centers not currently participating
2 in the early childhood education and assistance program, but
3 intending to do so;

4 (d) Developers of housing and community facilities;

5 (e) Community and technical colleges;

6 (f) Educational service districts; and

7 (g) Federally recognized tribes in the state.

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

11 (a) Commit to being an active participant in good standing with
12 the early achievers program as defined by chapter 43.215 RCW;

13 (b) Projects receiving construction or renovation grants or loans
14 less than two hundred thousand dollars must demonstrate that the
15 project site is under the applicant's control for a minimum of ten
16 years, either through ownership or a long-term lease;

17 (c) Projects receiving construction or renovation grants or loans
18 less than two hundred thousand dollars must commit to using the
19 facility funded by the grant or loan for the purposes of providing
20 preschool or child care for a minimum of ten years;

21 (d) Projects receiving construction or renovation grants or loans
22 of two hundred thousand dollars or more must demonstrate that the
23 project site is under the applicant's control for a minimum of twenty
24 years, either through ownership or a long-term lease; and

25 (e) Projects receiving construction or renovation grants or loans
26 of two hundred thousand dollars or more must commit to using the
27 facility funded by the grant or loan for the purposes of providing
28 preschool or child care for a minimum of twenty years.

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

32 (b) If the grantee ceases to be an active participant and in good
33 standing with the early achievers program, the grants or loans shall
34 be repaid to the early learning facilities revolving account. So long
35 as an eligible organization continues to provide an early learning
36 program in the facility and is an active participant and in good
37 standing with the early achievers program, the grant or loan
38 repayment is waived.

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

4 NEW SECTION. **Sec. 7.** (1) Activities eligible for funding
5 through the early learning facilities revolving account for eligible
6 organizations include:

7 (a) Facility predesign grants or loans of no more than ten
8 thousand dollars to allow eligible organizations to secure
9 professional services or consult with organizations certified by the
10 community development financial institutions fund to plan for and
11 assess the feasibility of early learning facilities projects or
12 receive other technical assistance to design and develop projects for
13 construction funding;

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

17 (c) Major construction and renovation grants or loans of no more
18 than eight hundred thousand dollars to create or expand early
19 learning facilities.

20 (2) Activities eligible for funding through the early learning
21 facilities revolving account for school districts include major
22 construction and renovation grants or loans of no more than eight
23 hundred thousand dollars to create or expand early learning
24 facilities that received priority and ranking as described in section
25 9 of this act.

26 (3) Beginning July 1, 2018, amounts in this section must be
27 increased annually by the United States implicit price deflator for
28 state and local government construction provided by the office of
29 financial management.

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

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

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

7 (2) In the administration of the early learning facilities grant
8 program for school districts, the department shall submit a ranked
9 and prioritized list of major construction or renovation of early
10 learning facilities projects for school districts subject to the
11 prioritization methodology described in section 9 of this act to the
12 office of financial management and the relevant legislative
13 committees by September 15, 2017.

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

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

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

27 (b) Projects benefiting low-income children;

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

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

32 (e) Projects that are geographically disbursed relative to
33 statewide need;

34 (f) Projects that balance mixed-use development and rural
35 locations; and

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

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

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

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

11 **Sec. 10.** RCW 43.185.050 and 2013 c 145 s 2 are each amended to
12 read as follows:

13 (1) The department must use moneys from the housing trust fund
14 and other legislative appropriations to finance in whole or in part
15 any loans or grant projects that will provide housing for persons and
16 families with special housing needs and with incomes at or below
17 fifty percent of the median family income for the county or standard
18 metropolitan statistical area where the project is located. At least
19 thirty percent of these moneys used in any given funding cycle shall
20 be for the benefit of projects located in rural areas of the state as
21 defined by the department. If the department determines that it has
22 not received an adequate number of suitable applications for rural
23 projects during any given funding cycle, the department may allocate
24 unused moneys for projects in nonrural areas of the state.

25 (2) Activities eligible for assistance from the housing trust
26 fund and other legislative appropriations include, but are not
27 limited to:

28 (a) New construction, rehabilitation, or acquisition of low and
29 very low-income housing units;

30 (b) Rent subsidies;

31 (c) Matching funds for social services directly related to
32 providing housing for special-need tenants in assisted projects;

33 (d) Technical assistance, design and finance services and
34 consultation, and administrative costs for eligible nonprofit
35 community or neighborhood-based organizations;

36 (e) Administrative costs for housing assistance groups or
37 organizations when such grant or loan will substantially increase the
38 recipient's access to housing funds other than those available under
39 this chapter;

1 (f) Shelters and related services for the homeless, including
2 emergency shelters and overnight youth shelters;

3 (g) Mortgage subsidies, including temporary rental and mortgage
4 payment subsidies to prevent homelessness;

5 (h) Mortgage insurance guarantee or payments for eligible
6 projects;

7 (i) Down payment or closing cost assistance for eligible first-
8 time home buyers;

9 (j) Acquisition of housing units for the purpose of preservation
10 as low-income or very low-income housing; and

11 (k) Projects making housing more accessible to families with
12 members who have disabilities.

13 (3) Preference shall be given for projects that include an early
14 learning facility.

15 (4) Legislative appropriations from capital bond proceeds may be
16 used only for the costs of projects authorized under subsection
17 (2)(a), (i), and (j) of this section, and not for the administrative
18 costs of the department.

19 ~~((4))~~ (5) Moneys from repayment of loans from appropriations
20 from capital bond proceeds may be used for all activities necessary
21 for the proper functioning of the housing assistance program except
22 for activities authorized under subsection (2)(b) and (c) of this
23 section.

24 ~~((5))~~ (6) Administrative costs associated with application,
25 distribution, and project development activities of the department
26 may not exceed three percent of the annual funds available for the
27 housing assistance program. Reappropriations must not be included in
28 the calculation of the annual funds available for determining the
29 administrative costs.

30 ~~((6))~~ (7) Administrative costs associated with compliance and
31 monitoring activities of the department may not exceed one-quarter of
32 one percent annually of the contracted amount of state investment in
33 the housing assistance program.

34 NEW SECTION. Sec. 11. Sections 2 through 9 of this act are each
35 added to chapter 43.31 RCW.

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