

SENATE BILL REPORT

SB 5297

As of February 6, 2025

Title: An act relating to the early learning facilities grant and loan program.

Brief Description: Concerning the early learning facilities grant and loan program.

Sponsors: Senators Trudeau, Torres, Dozier, Frame, Nobles and Riccelli.

Brief History:

Committee Activity: Ways & Means: 2/06/25.

Brief Summary of Bill

- Removes the match requirement for applicants experiencing financial hardship.
- Removes the level of project matching funds as a competitive criterion when selecting or recommending projects for funding.
- Expands eligibility to projects that convert part day slots to full day or extended day or convert full day slots to extended day and to emergency grants.
- Adds tribal compact schools as eligible for early learning grants and loans for school districts.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Wendy Brown (786-7359)

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. Eligible organizations include providers of Working Connections Child Care (WCCC), Early Childhood Education and

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Assistance Program (ECEAP) contractors, developers of housing and community facilities, community and technical colleges, educational service districts, local governments, federally recognized tribes, and religiously affiliated entities.

Projects eligible for funding through the ELF Grant and Loan Program include facility predesign and predevelopment activities, renovations or repairs of existing early learning facilities, and major construction and renovation projects to create or expand early learning capacity.

School districts may also receive grants or loans to purchase, construct, or renovate early learning classrooms.

For grants and loans under the program, state law stipulates that state funds may be given only after private or public match funds are committed. In determining the level of match required, Commerce may consider the financial need of the applicant and the economic conditions of the location of the proposed facility. When developing a methodology to prioritize projects for funding, Commerce may consider projects that maximize resources from the state with funding from other public or private organizations.

The ELF Program is funded from the Ruth LeCocq Kagi Early Learning Facilities Revolving Account and the Ruth LeCocq Kagi Early Learning Facilities Development Account.

Summary of Bill: Match requirements in the Early Learning Facilities Grant and Loan Program are removed for applicants experiencing financial hardship. For all other applicants, Commerce is encouraged to leverage private and public matching funds when feasible and may not consider the level of a project match funds as a competitive criterion when selecting or recommending projects for funding.

Projects that convert slots from part day to full day or extended day or convert full day slots to extended day are added as an eligible activity. Emergency projects funded out of the Early Learning Facilities Revolving Account are similarly added as an eligible activity, subject to appropriations. Tribal compact schools are added as eligible for ELF grants and loans for school districts. Commerce may adopt rules to implement the entire program, rather than rules only pertaining to eligible organizations requirements.

Appropriation: None.

Fiscal Note: Requested on January 16, 2025.

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: The Early Learning Facilities Program has been in existence since 2017. We felt like it was time to revisit the program and worked with people in the field to identify areas of opportunities. Many of the provisions in the bill were informed by work and learnings in other sectors such as K-12 and behavioral health capital projects, including the proposed emergency fund. This fund is intended to respond to unexpected emergent needs that can take learning spaces offline. Our partners in childcare centers did a survey and the top need that they found was addressing flooding from broken pipes. One center in Spokane experienced expenses of over \$30,000 from flooding after their insurance coverage and another center experienced closure from January to July to deal with the aftermath and costs from flooding. The bill does propose that the current administrator of the revolving loan program would administer the emergency grants.

We are in the process of starting up a nonprofit, therapeutic childcare center in Spokane that will serve 48 children with disabilities. We received a predevelopment grant from the ELF Fund that was essential to jump start our capital project. We hope to pursue additional ELF funds for the construction of our project and have done extensive fund-raising for the match required. We have raised just under one-third of the required match amount. This project will not be completed in a reasonable time frame given the match requirements of the program, which are a barrier for projects like mine. The bill will moderate the match requirements and ease the burden on financially constrained providers, and it will make care more readily available for families most in need.

OTHER: We run the Early Learning Facilities Capital Program and share the goal of expanding resources in the state to meet the needs of childcare for communities. Commerce has administered grants awarding \$200 million dollars over the last seven years, leveraging more than \$350 million dollars of nonstate funds to create capacity in 34 counties across the state. We partner with the WELL Fund to administer \$20 million dollars in loans. The department has stood up some emergency grant programs in the recent past for local governments, and we hope to use that knowledge to aid in the establishment of this new emergency grant program. We use match as a tool to identify readiness of a project, and we will work with stakeholders to understand how the changes proposed in the bill would be implemented in the future.

Persons Testifying: PRO: Erica Hallock, Start Early WA; Julie German-Murrey, Rosalie Murrey Memorial Foundation.

OTHER: Dave Pringle, Dept. of Commerce.

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