

SENATE BILL REPORT

SHB 2195

As Passed Senate - Amended, March 1, 2024

Title: An act relating to strengthening the early learning facilities grant and loan program by revising criteria and providing resources to the Ruth LeCocq Kagi early learning facilities development account.

Brief Description: Strengthening the early learning facilities grant and loan program by revising criteria and providing resources to the Ruth LeCocq Kagi early learning facilities development account.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Callan, Eslick, Senn, Chopp, Ramel, Paul, Reeves, Ormsby, Hackney, Reed, Fosse, Doglio, Goodman and Davis).

Brief History: Passed House: 2/13/24, 58-39.

Committee Activity: Early Learning & K-12 Education: 2/19/24 [w/oRec-WM, DNP].
Ways & Means: 2/22/24, 2/26/24 [DPA, w/oRec].

Floor Activity: Passed Senate - Amended: 3/1/24, 30-19.

Brief Summary of Bill (As Amended by Senate)

- Removes the grant and loan award limits within the Early Learning Facilities (ELF) program.
- Prioritizes applications for ELF construction, renovation, purchase, or repair grants or loans to facilities that are ready for construction.
- Allows ELF program facilities collocated with housing developments to receive state funding for up to 90 percent of the project cost, regardless of the proportionate match amount.
- Adds translation services as an eligible administrative cost.

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

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Robinson, Chair; Mullet, Vice Chair, Capital; Nguyen, Vice Chair, Operating; Rivers, Assistant Ranking Member, Capital; Billig, Conway, Dhingra, Hunt, Keiser, Pedersen, Randall, Saldaña, Torres, Van De Wege and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senators Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Boehnke, Braun, Hasegawa, Muzzall and Wagoner.

Staff: Wendy Brown (786-7359)

Background: Early Learning Facilities Program. 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 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. In the 2023-25 biennium, grants and loans are limited to the following amounts: \$21,605 for facility predesign, feasibility planning, and project development; \$216,052 for minor renovation or repairs of existing early learning facilities; and \$2.5 million to create, purchase, or expand early learning facilities. School districts may also receive grants or loans to purchase, construct, or renovate early learning classrooms up to \$1 million.

Generally, state funding for capital projects is to be disbursed in proportion to nonstate matching funds. For the last two fiscal biennia, state capital budgets have authorized early learning facilities collocated with affordable or supporting housing developments to receive reimbursement for state ELF awards regardless of the proportionate share of nonstate funding.

The ELF program is funded from the Ruth LeCocq Kagi ELF Revolving Account and the Ruth LeCocq Kagi ELF Development Account.

Common School Construction Fund. The Common School Construction Fund (CSFC) may be used exclusively for financing construction of facilities for common schools. The revenue sources for CSFC include the sale or appropriation of timber and other crops from school and state land, rentals and other revenue derived from land and other property devoted to CSFC, federal grants, and investment earnings.

In addition, an annual state capital gains tax is imposed on the sale or other voluntary

exchange of long-term capital assets by individuals. Each fiscal year, the first \$500 million collected in capital gains tax revenue is distributed to the Education Legacy Trust Account (ELTA), which may be used for kindergarten through grade 12, early learning, higher education, and other educational improvement purposes. The \$500 million is adjusted annually for inflation and then the remainder is deposited into CSFC.

Summary of Amended Bill: Early Learning Facilities Program. ELF program grant or loan limits are removed effective July 1, 2025. Grant or loan awards for ELF construction, renovation, purchase, or repair grants are prioritized to facilities that are ready for construction.

Translation services are added as an eligible administrative cost. ELF program facilities collocated with housing developments are allowed to receive state funding for up to 90 percent of the project cost, regardless of the proportionate match amount.

The department may adopt rules, instead of must adopt rules, to implement the ELF program.

A severability clause is added.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The Legislature has made a commitment to serve all children who qualify for the early childhood education and assistance program (ECEAP), and one of the primary obstacles to meeting this commitment is the lack of facilities. ECEAP facilities need help to renovate and expand existing facilities and develop new ones. SHB 2195 makes important improvements to facilitate partnerships with affordable housing and to reduce financing costs.

The Early Learning Facilities fund has effectively responded to urgent needs in the community. Since its inception in 2017, the program has created or maintained over 17,000 early learning slots and has leveraged more than \$270 million in non-state resources. However, the need significantly still outweighs the demand. SHB 2195 makes several important policy changes such as making early learning projects co-located with affordable housing more cost effective, permanently allowing the minor renovations grant program, and adding translation services as an eligible use of administrative funds. Support for this bill will result in the creation of more early learning opportunities in Washington.

Persons Testifying: PRO: Melissa Johnson, Washington State Association of Head Start & ECEAP; Genevieve Stokes, Child Care Aware of Washington.

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