

NEW SECTION. Sec. 10. Sections 1 through 9 of this act shall constitute a new chapter in Title 90 RCW.

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CHAPTER 430

[Second Substitute Senate Bill No. 6051]

CHILD CARE FACILITIES DEVELOPMENT—EMPLOYER INVOLVEMENT

AN ACT Relating to encouraging employer involvement in child care facilities development and services; amending RCW 43.31.085 and 43.168.050; adding new sections to chapter 43.31 RCW; creating new sections; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that increasing the availability and affordability of quality child care will enhance the stability of the family and facilitate expanded economic prosperity in the state. The legislature finds that balancing work and family life is a critical concern for employers and employees. The dramatic increase in participation of women in the work force has resulted in a demand for affordable child care exceeding the supply. The future of the state's work force depends in part upon the availability of quality affordable child care. There are not enough child care services and facilities to meet the needs of working parents, the costs of care are often beyond the resources of working parents, and facilities are not located conveniently to work places and neighborhoods. The prospect for labor shortages resulting from the aging of the population and the importance of the quality of the work force to the competitiveness of Washington businesses make the availability of quality child care an important concern for the state's businesses.

The legislature further finds that a partnership between business and child care providers can help the market for child care adjust to the needs of businesses and working families and improve productivity, reduce absenteeism, improve recruitment, and improve morale among Washington's labor force. The legislature further finds that private and public partnerships and investments are necessary to increase the supply, affordability, and quality of child care in the state.

Sec. 2. Section 11, chapter 466, Laws of 1985 as amended by section 3, chapter 348, Laws of 1987 and RCW 43.31.085 are each amended to read as follows:

The business assistance center shall:

(1) Serve as the state's lead agency and advocate for the development and conservation of businesses.

(2) Coordinate the delivery of state programs to assist businesses.

(3) Provide comprehensive referral services to businesses requiring government assistance.

(4) Serve as the business ombudsman within state government and advise the governor and the legislature of the need for new legislation to improve the effectiveness of state programs to assist businesses.

(5) Aggressively promote business awareness of the state's business programs and distribute information on the services available to businesses.

(6) Develop, in concert with local economic development and business assistance organizations, coordinated processes that complement both state and local activities and services.

(7) The business assistance center shall work with other federal, state, and local agencies and organizations to ensure that business assistance services including small business, trade services, and distressed area programs are provided in a coordinated and cost-effective manner.

(8) In collaboration with the child care coordinating committee in the department of social and health services, prepare and disseminate information on child care options for employers and the existence of the program. As much as possible, and through interagency agreements where necessary, such information should be included in the routine communications to employers from (a) the department of revenue, (b) the department of labor and industries, (c) the department of community development, (d) the employment security department, (e) the department of trade and economic development, (f) the small business development center, and (g) the department of social and health services.

(9) In collaboration with the child care coordinating committee in the department of social and health services, compile information on and facilitate employer access to individuals, firms, organizations, and agencies that provide technical assistance to employers to enable them to develop and support child care services or facilities.

(10) Actively seek public and private money to support the child care facility fund described in section 3 of this act, staff and assist the child care facility fund committee as described in section 4 of this act, and work to promote applications to the committee for loan guarantees, loans, and grants.

NEW SECTION. Sec. 3. A child care facility fund is created. Money in the fund shall be used solely for the purpose of starting or improving a child care facility pursuant to sections 2 through 8 of this act. Only moneys from private or federal sources may be deposited into this fund.

NEW SECTION. Sec. 4. The child care facility fund committee is established within the business assistance center of the department of trade and economic development. The committee shall administer the child care facility fund, with review by the director of the department of trade and economic development.

(1) The committee shall have five members. The director of the department of trade and economic development shall appoint the members, who shall include:

(a) Two persons experienced in investment finance and having skills in providing capital to new businesses, in starting and operating businesses, and providing professional services to small or expanding businesses;

(b) One person representing a philanthropic organization with experience in evaluating funding requests;

(c) One child care services expert; and

(d) One early childhood development expert.

In making these appointments, the director shall give careful consideration to ensure that the various geographic regions of the state are represented and that members will be available for meetings and are committed to working cooperatively to address child care needs in Washington state.

(2) The committee shall elect officers from among its membership and shall adopt policies and procedures specifying the lengths of terms, methods for filling vacancies, and other matters necessary to the ongoing functioning of the committee.

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

(4) Committee members shall not be liable to the state, to the child care facility fund, or to any other person as a result of their activities, whether ministerial or discretionary, as members except for willful dishonesty or intentional violation of the law. The department of trade and economic development may purchase liability insurance for members and may indemnify these persons against the claims of others.

NEW SECTION. Sec. 5. The child care facility fund committee is authorized to solicit applications for and award grants and loans from the child care facility fund to assist persons, businesses, or organizations to start a licensed child care facility, or to make capital improvements in an existing licensed child care facility. Grants and loans shall be awarded on a one-time only basis, shall not be awarded to cover operating expenses beyond the first three months of business, and no grant or loan shall exceed twenty-five thousand dollars.

NEW SECTION. Sec. 6. The child care facility fund committee is authorized, upon application, to use the child care facility fund to guarantee loans made to persons, businesses, or organizations to start a licensed child care facility, or to make capital improvements in an existing licensed child care facility.

(1) Loan guarantees shall be awarded on a one-time only basis, and shall not be awarded for loans to cover operating expenses beyond the first three months of business.

(2) The total aggregate amount of the loan guarantee awarded to any applicant may not exceed twenty-five thousand dollars and may not exceed eighty percent of the loan.

(3) The total aggregate amount of guarantee from the child care facility fund, with respect to the guaranteed portions of loans, may not exceed at any time an amount equal to five times the balance in the child care facility fund.

NEW SECTION. Sec. 7. The child care facility fund committee shall award loan guarantees, loans or grants to those persons, businesses, or organizations meeting the minimum standards set forth in this chapter who will best serve the intent of the chapter to increase the availability of high quality, affordable child care in Washington state. The committee shall promulgate rules regarding the application for and disbursement of loan guarantees, loans, or grants from the fund, including loan terms and repayment procedures. At a minimum, such rules shall require an applicant to submit a plan which includes a detailed description of:

(1) The need for a new or improved child care facility in the area served by the applicant;

(2) The steps the applicant will take to serve a reasonable number of handicapped children as defined in chapter 72.40 RCW, sick children, infants, children requiring night time or weekend care, or children whose costs of care are subsidized by government;

(3) Why financial assistance from the state is needed to start or improve the child care facility;

(4) How the guaranteed loan, loan, or grant will be used, and how such uses will meet the described need;

(5) The child care 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 which will ensure the continued viability of the facility and the availability of its described services.

Recipients shall annually for two years following the receipt of the loan guarantee, loan, or grant, submit to the child care facility fund committee a report on the facility and how it is meeting the child care needs for which it was intended.

NEW SECTION. Sec. 8. Where the child care facility fund committee makes a grant to a person, organization, or business, the grant shall be repaid to the child care facility fund if the child care facility using the grant to start or expand ceases to provide child care earlier than the following time periods from the date the grant is made: (1) Twelve months for a grant up to five thousand dollars; (2) twenty-four months for a grant over five thousand dollars up to ten thousand dollars; (3) thirty-six months for a grant over ten thousand dollars up to fifteen thousand dollars; (4) forty-eight months for a grant over fifteen thousand dollars up to twenty thousand

dollars; and (5) sixty months for a grant over twenty thousand dollars up to twenty-five thousand dollars.

Sec. 9. Section 5, chapter 164, Laws of 1985 as last amended by section 4, chapter 461, Laws of 1987 and RCW 43.168.050 are each amended to read as follows:

(1) The committee may only approve an application providing a loan for a project which the committee finds:

(a) Will result in the creation of employment opportunities or the maintenance of threatened employment;

(b) Has been approved by the director as conforming to federal rules and regulations governing the spending of federal community development block grant funds;

(c) Will be of public benefit and for a public purpose, and that the benefits, including increased or maintained employment, improved standard of living, and the employment of disadvantaged workers, will primarily accrue to residents of the area;

(d) Will probably be successful;

(e) Would probably not be completed without the loan because other capital or financing at feasible terms is unavailable or the return on investment is inadequate.

(2) The committee shall, subject to federal block grant criteria, give higher priority to economic development projects that contain provisions for child care.

(3) The committee may not approve an application if it fails to provide for adequate reporting or disclosure of financial data to the committee. The committee may require an annual or other periodic audit of the project books.

~~((3))~~ (4) The committee may require that the project be managed in whole or in part by a local development organization and may prescribe a management fee to be paid to such organization by the recipient of the loan or grant.

~~((4))~~ (5) (a) Except as provided in (b) of this subsection, the committee shall not approve any application which would result in a loan or grant in excess of three hundred fifty thousand dollars.

(b) The committee may approve an application which results in a loan or grant of up to seven hundred thousand dollars if the application has been approved by the director.

~~((5))~~ (6) The committee shall fix the terms and rates pertaining to its loans.

~~((6))~~ (7) Should there be more demand for loans than funds available for lending, the committee shall provide loans for those projects which will lead to the greatest amount of employment or benefit to a community. In determining the "greatest amount of employment or benefit" the committee shall also consider the employment which would be saved by its loan.

~~((7))~~ (8) To the extent permitted under federal law the committee shall require applicants to provide for the transfer of all payments of principal and interest on loans to the Washington state development loan fund created under this chapter. Under circumstances where the federal law does not permit the committee to require such transfer, the committee shall give priority to applications where the applicants on their own volition make commitments to provide for the transfer.

~~((8))~~ (9) The committee shall not approve any application to finance or help finance a shopping mall.

~~((9))~~ (10) The committee shall make at least eighty percent of the appropriated funds available to projects located in distressed areas, and may make up to twenty percent available to projects located in areas not designated as distressed. The committee shall not make funds available to projects located in areas not designated as distressed if the fund's net worth is less than seven million one hundred thousand dollars.

~~((10))~~ (11) If an objection is raised to a project on the basis of unfair business competition, the committee shall evaluate the potential impact of a project on similar businesses located in the local market area. A grant may be denied by the committee if a project is not likely to result in a net increase in employment within a local market area.

NEW SECTION. Sec. 10. Sections 3 through 8 of this act are each added to chapter 43.31 RCW.

NEW SECTION. Sec. 11. If specific funding for the purposes of this act, referencing this act by bill number, is not provided by June 30, 1989, in the omnibus appropriations act, this act shall be null and void.

NEW SECTION. Sec. 12. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 13. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately.

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