

B-Engrossed
House Bill 3005

Ordered by the House June 9
Including House Amendments dated April 6 and June 9

Sponsored by Representative REYNOLDS; Representatives LIVELY, NERON, NGUYEN H, OWENS, PHAM K, RUIZ, SMITH G, TRAN, Senator ANDERSON (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs Oregon Business Development Department to provide financial assistance to eligible applicants to pay for allowable costs related to early child care infrastructure activities.

[Authorizes department to allocate percentage from funds appropriated to department] **Requires Department of Early Learning and Care to establish program** to award grants to nonprofit entities for redistribution by nonprofit entities to eligible applicants.

Permits Department of Early Learning and Care to provide technical assistance to support applicants approved to receive financial assistance with implementing child care infrastructure expansion activities. *[Requires Oregon Business Development Department to enter into interagency agreement with Department of Early Learning and Care to permit Oregon Business and Development Department to transfer funds to Department of Early Learning and Care to pay costs of providing technical assistance.]*

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to financial assistance for early child care infrastructure activities; and declaring an
3 emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Findings. (1) Early educational investments are severely underfunded.**

6 **(2) There is a shortage of affordable and accessible child care in this state.**

7 **(3) Early learning and care providers have limited finances to facilitate expansion of a**
8 **robust child care infrastructure.**

9 **(4) High-quality early child care investment promotes regional economic growth by in-**
10 **creasing the number of jobs available within the child care and construction workforce sec-**
11 **tors and by providing consistent, accessible and reliable care that is necessary to allow**
12 **parents to participate in the labor force.**

13 **(5) Quality early learning and care facilities that are developmentally appropriate, inclu-**
14 **sive of children with disabilities, culturally relevant and responsive and environmentally**
15 **healthy support child brain development and the well-being of children and early learning and**
16 **child care staff.**

17 **(6) Sustained public investment and technical assistance are necessary to overcome**
18 **constraints and incentivize the development and expansion of early learning and care re-**
19 **sources in this state.**

20 **(7) The purpose of sections 1 to 6 of this 2023 Act is to provide financial assistance to**
21 **eligible applicants for activities that promote increased early learning and care capacity**
22 **across the state, in an amount determined on a case-by-case basis by the Oregon Business**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **Development Department.**

2 **SECTION 2. Definitions.** As used in sections 1 to 6 of this 2023 Act:

3 (1) “Administrative costs” includes, but is not limited to, the direct and indirect costs
4 incurred by the Oregon Business Development Department for:

5 (a) Reviewing and processing applications for grants and loans for financial assistance
6 submitted by eligible applicants under section 4 of this 2023 Act.

7 (b) Monitoring the use of funds by recipients.

8 (2) “Child care facility” has the meaning given that term in ORS 329A.250.

9 (3) “Early child care infrastructure activity” means an activity that contributes to the
10 development of a robust child care system in this state.

11 (4) “Eligible applicant” means any of the following:

12 (a) A certified or registered family child care provider.

13 (b) A person or nonprofit organization that operates a child care facility.

14 (c) A child care center certified under ORS 329A.280 by the Office of Child Care.

15 (d) Federally recognized Indian tribes in Oregon that are preschool providers participat-
16 ing in the Preschool Promise Program established under ORS 329.172.

17 (e) Organizations that support the expansion or establishment of child care providers.

18 (f) Programs that serve children in publicly funded early learning and care programs in-
19 cluding:

20 (A) Programs funded by the Early Childhood Equity Fund established under ORS 417.781.

21 (B) Relief nurseries.

22 (C) Programs that receive subsidies through the Employment Related Day Care subsidy
23 program under ORS 329A.500.

24 (D) Oregon Head Start, prekindergarten and Early Head Start programs.

25 (E) Programs that provide early childhood special education or early intervention ser-
26 vices, as provided by ORS 343.475.

27 (g) Culturally specific early learning, early childhood and parent support programs de-
28 scribed under ORS 417.782 (1).

29 (h) Any other applicants that the department deems to be an eligible applicant as pro-
30 vided by department rule.

31 (5) “Family child care provider” has the meaning given that term in ORS 329A.430.

32 **SECTION 3. Child Care Infrastructure Fund.** (1)(a) The Child Care Infrastructure Fund
33 is established in the State Treasury, separate and distinct from the General Fund. Interest
34 earned by the Child Care Infrastructure Fund shall be credited to the fund.

35 (b) Moneys in the fund are continuously appropriated to the Oregon Business Develop-
36 ment Department for the purposes set forth in section 4 of this 2023 Act.

37 (c) The Oregon Business Development Department shall administer the fund in consul-
38 tation with the Department of Early Learning and Care.

39 (2) The fund shall consist of moneys credited to the fund, including:

40 (a) Moneys appropriated to the fund by the Legislative Assembly;

41 (b) Moneys transferred to the fund by the Oregon Business Development Department;

42 (c) Earnings on moneys in the fund;

43 (d) Moneys received from the federal or state government; and

44 (e) Moneys from any other source, including, but not limited to, grants and gifts.

45 **SECTION 4. Allowable costs.** (1) The Oregon Business Development Department shall

1 administer a grant and loan program to provide financial assistance to eligible applicants for
2 allowable costs expended for early child care infrastructure activities, from moneys in the
3 Child Care Infrastructure Fund established under section 3 of this 2023 Act, in accordance
4 with this section.

5 (2) The department shall:

6 (a) Coordinate with the Department of Early Learning and Care and consult with the
7 Department of Education and the Housing and Community Services Department in the de-
8 sign and implementation of the program.

9 (b) Engage with relevant stakeholders, including but not limited to nonprofit and for-
10 profit entities that are directly or indirectly involved in child care throughout the state, to
11 collect necessary information that may be used to facilitate the design and implementation
12 of the program.

13 (3) For purposes of this section, allowable costs include, but are not limited to:

14 (a) Costs for the planning and design of early learning and care facilities.

15 (b) Costs for property acquisition to be used for early learning and care facilities or child
16 care facility development projects.

17 (c) Repairs, improvements and renovations to early learning and care facilities, including
18 climate resilience modifications, energy efficiency improvements, seismic retrofitting and
19 necessary repairs due to a natural disaster.

20 (d) Child care facility development projects, including direct project management costs.

21 (e) Costs of contracting with third parties, including but not limited to nonprofit entities
22 and community development financial institutions, to assist in the administration of child
23 care infrastructure activities.

24 (f) Construction costs and expenses.

25 (g) Costs related to child care workforce investments.

26 (h) Costs related to providing support to organizations in the establishment or expansion
27 of child care providers and facilities.

28 (i) Other costs that the Oregon Business Development Department, after consulting with
29 the Department of Early Learning and Care, determines to be necessary to carry out early
30 child care infrastructure activities.

31 (4) In addition to the allowable costs under subsection (3) of this section, the Oregon
32 Business Development Department may use moneys from the Child Care Infrastructure
33 Fund to pay administrative costs incurred by the department.

34 (5) Subject to subsection (6) of this section, the amount of financial assistance provided
35 to eligible applicants under this section shall be in an amount prescribed by the department
36 by rule, except that the department may not:

37 (a) Distribute funds to an eligible applicant that is a school district:

38 (A) In an amount that exceeds 25 percent of the amount appropriated to the Oregon
39 Business Development Department under section 3 of this 2023 Act.

40 (B) Unless the school district has demonstrated the ability to provide matching funds in
41 an amount that is equal to the amount of matching funds the school district is required to
42 provide under the Oregon School Capital Improvement Matching Program under ORS
43 286A.801.

44 (b) Distribute funds to eligible applicants that are culturally specific early learning, early
45 childhood and parent support programs described under ORS 417.782 (1), in an amount that

1 is less than 25 percent of the total amount appropriated to the department under section 3
2 of this 2023 Act.

3 (6) The total amount of financial assistance allowable to eligible applicants under this
4 section must be distributed with regard to the availability of funds. If the funds available in
5 the Child Care Infrastructure Fund established under section 3 of this 2023 Act are not ade-
6 quate to provide financial support to all eligible applicants that have been approved by the
7 department to receive financial assistance under this section, the department may prioritize
8 distribution based on an applicant's ability or demonstrated commitment to provide any of
9 the following child care services to families with the greatest child care needs:

10 (a) Culturally and linguistically specific and appropriate early learning and care;

11 (b) Child care during nonstandard working hours such as evenings and weekends;

12 (c) Child care for infants and toddlers;

13 (d) Early learning and care that aligns with parent preferences; or

14 (e) Early learning and care in communities that have historically experienced a lack of
15 accessible and affordable child care.

16 (7)(a) The department, in consultation with the Department of Early Learning and Care,
17 shall adopt rules to implement this section. At a minimum, the rules must include:

18 (A) An application process by which an eligible applicant may apply for financial assist-
19 ance under this section;

20 (B) The terms and conditions for any agreements related to financial assistance provided
21 under this section;

22 (C) A process for reviewing and approving applications submitted for financial assistance
23 received under this section;

24 (D) Subject to limitations under subsections (5) and (6) of this section, the amount of fi-
25 nancial assistance that may be provided to eligible applicants; and

26 (E) A process for establishing prioritizations upon which the Oregon Business Develop-
27 ment Department may base the awarding of grants and loans for financial assistance under
28 this section to eligible applicants located in rural geographic areas and among historically
29 underserved communities.

30 (b) The department shall, in consultation with the Early Learning Council established
31 under ORS 326.425, adopt rules concerning applicants that the department may deem to be
32 eligible applicants.

33 **SECTION 5. Nonprofit grants.** (1) The Department of Early Learning and Care shall es-
34 tablish a program to award grants to nonprofit entities that have experience in providing
35 technical assistance to child care providers for redistribution by the nonprofit organization
36 to eligible applicants.

37 (2) The allowable uses of grant moneys awarded under this section include:

38 (a) Paying any one or more of the allowable costs described under section 4 of this sec-
39 tion; and

40 (b) Providing subgrantees with funding resources to promote the establishment and ex-
41 pansion of child care facilities and child care capacity in rural geographic areas and among
42 historically underserved communities that are identified as child care deserts according to
43 standards established by the department by rule.

44 (3) Upon being awarded a grant under this section, the nonprofit grantee shall enter into
45 an agreement with the department that:

1 (a) Indicates the purposes for which the grant funds may be used;

2 (b) Requires the grantee to establish a method by which subgrantees may apply for and
3 receive grants from the nonprofit that is consistent with the grant and loan application
4 process established by rule by the department under section 4 of this section; and

5 (c) Directs the nonprofit to administer the distribution of grant funds to subgrantees
6 under this section.

7 (4) The department may adopt any rules necessary to administer this section.

8 **SECTION 6. Technical assistance.** (1) The Department of Early Learning and Care may
9 provide technical assistance to support eligible applicants approved for financial assistance
10 under section 4 of this 2023 Act with implementing child care infrastructure expansion ac-
11 tivities.

12 (2) The department shall consult and collaborate with entities that have experience with
13 and are engaged in providing technical assistance to child care providers regarding accessing
14 resources to promote:

15 (a) Child care facility and capacity expansion; and

16 (b) Business strategy and operations support and training.

17 **SECTION 7.** The section captions used in this 2023 Act are provided only for the con-
18 venience of the reader and do not become part of the statutory law of this state or express
19 any legislative intent in the enactment of this 2023 Act.

20 **SECTION 8.** This 2023 Act being necessary for the immediate preservation of the public
21 peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect
22 on its passage.
23 _____