

Enrolled House Bill 3005

Sponsored by Representative REYNOLDS; Representatives ANDERSEN, BOWMAN, DEXTER, FAHEY, GAMBA, KROPF, LIVELY, MARSH, NERON, NGUYEN H, NOSSE, OWENS, PHAM H, PHAM K, RUIZ, SMITH G, SOSA, TRAN, Senator ANDERSON (Presession filed.)

CHAPTER

AN ACT

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

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

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

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

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

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

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

(6) Sustained public investment and technical assistance are necessary to overcome constraints and incentivize the development and expansion of early learning and care resources in this state.

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

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

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

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

(b) Monitoring the use of funds by recipients.

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

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

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

- (a) A certified or registered family child care provider.
- (b) A person or nonprofit organization that operates a child care facility.
- (c) A child care center certified under ORS 329A.280 by the Office of Child Care.
- (d) Federally recognized Indian tribes in Oregon that are preschool providers participating in the Preschool Promise Program established under ORS 329.172.
- (e) Organizations that support the expansion or establishment of child care providers.
- (f) Programs that serve children in publicly funded early learning and care programs including:
 - (A) Programs funded by the Early Childhood Equity Fund established under ORS 417.781.
 - (B) Relief nurseries.
 - (C) Programs that receive subsidies through the Employment Related Day Care subsidy program under ORS 329A.500.
 - (D) Oregon Head Start, prekindergarten and Early Head Start programs.
 - (E) Programs that provide early childhood special education or early intervention services, as provided by ORS 343.475.
- (g) Culturally specific early learning, early childhood and parent support programs described under ORS 417.782 (1).
- (h) Any other applicants that the department deems to be an eligible applicant as provided by department rule.

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

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

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

(c) The Oregon Business Development Department shall administer the fund in consultation with the Department of Early Learning and Care.

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

- (a) Moneys appropriated to the fund by the Legislative Assembly;
- (b) Moneys transferred to the fund by the Oregon Business Development Department;
- (c) Earnings on moneys in the fund;
- (d) Moneys received from the federal or state government; and
- (e) Moneys from any other source, including, but not limited to, grants and gifts.

SECTION 4. Allowable costs. (1) The Oregon Business Development Department shall administer a grant and loan program to provide financial assistance to eligible applicants for allowable costs expended for early child care infrastructure activities, from moneys in the Child Care Infrastructure Fund established under section 3 of this 2023 Act, in accordance with this section.

(2) The department shall:

(a) Coordinate with the Department of Early Learning and Care and consult with the Department of Education and the Housing and Community Services Department in the design and implementation of the program.

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

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

- (a) Costs for the planning and design of early learning and care facilities.
- (b) Costs for property acquisition to be used for early learning and care facilities or child care facility development projects.

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

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

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

(f) Construction costs and expenses.

(g) Costs related to child care workforce investments.

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

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

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

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

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

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

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

(b) Distribute funds to eligible applicants that are culturally specific early learning, early childhood and parent support programs described under ORS 417.782 (1), in an amount that is less than 25 percent of the total amount appropriated to the department under section 3 of this 2023 Act.

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

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

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

(c) Child care for infants and toddlers;

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

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

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

(A) An application process by which an eligible applicant may apply for financial assistance under this section;

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

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

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

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

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

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

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

(a) Paying any one or more of the allowable costs described under section 4 of this section; and

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

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

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

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

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

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

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

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

(a) Child care facility and capacity expansion; and

(b) Business strategy and operations support and training.

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

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

Passed by House June 14, 2023

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Timothy G. Sekerak, Chief Clerk of House

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Dan Rayfield, Speaker of House

Passed by Senate June 23, 2023

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Rob Wagner, President of Senate

Received by Governor:

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Approved:

.....M,....., 2023

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Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M,....., 2023

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Secretary of State