

Multiple Agency Fiscal Note Summary

Bill Number: 2195 S HB	Title: Early learning facilities
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Children, Youth, and Families	Fiscal note not available											
Superintendent of Public Instruction	Fiscal note not available											
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Children, Youth, and Families	Fiscal note not available								
Superintendent of Public Instruction	Fiscal note not available								
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.
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Prepared by: Myra Baldini, OFM	Phone: (360) 688-8208	Date Published: Preliminary 2/ 7/2024
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Individual State Agency Fiscal Note

Bill Number: 2195 S HB	Title: Early learning facilities	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kelci Karl-Robinson	Phone: 360-786-7116	Date: 02/03/2024
Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 02/05/2024
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/05/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/05/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

SHB 2195 strengthens the early learning facilities grant and loan program by revising criteria and providing resources to the Ruth LeCocq Kagi early learning facilities development account.

No fiscal impact to the office.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 2195 S HB	Title: Early learning facilities	Agency: 103-Department of Commerce
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

Non-zero but indeterminate cost and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kelci Karl-Robinson	Phone: 360-786-7116	Date: 02/03/2024
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 02/07/2024
Agency Approval: Pouth Ing	Phone: 360-725-2715	Date: 02/07/2024
OFM Review: Myra Baldini	Phone: (360) 688-8208	Date: 02/07/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Differences between the substitute bill and the original bill:

- Removes the allocation of capital gains revenues to the Early Learning Facilities Development Account.
- Adds a new section to Department of Commerce (department) statute to expand the existing Early Learning Facilities (ELF) school district grant program, which requires coordination with the Office of the Superintendent of Public Instruction (OSPI). Note: This coordination is already occurring with regard to the current ELF school district program.
- Allows transfer and appropriations from the common school construction fund to implement the expanded ELF school district grant program.
- A severability clause was added.

The substitute reduces the fiscal impact to the department.

Bill Summary:

Section 1 amends RCW 43.31.577 removing grant funding caps, clarifies grant categories, adds a category for existing facilities, provides the authority for purchasing translation services, and requires prioritizing projects that are ready for construction.

Section 2 adds a section to RCW 43.31 requiring OSPI and the department to coordinate and cooperate on the ELF school district grant application and selection process. Allows funding for school district facility space for early learning programs and services.

Section 3 adds a new section to RCW 43.31 allowing affordable housing projects that receive ELF grant funding to include an on-site early learning facility to request reimbursement of grant funds at 90%, regardless of their match percentage for the project.

Section 5 amends RCW 43.31.569 to allow appropriations for ELF school district projects to be made from the common school construction fund.

Section 7 adds a severability clause.

Section 8 provides that Section 1 takes effect July 1, 2025.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

The revenue associated with this legislation is indeterminate. Funding available to the Common School Construction Fund is dependent upon capital gains tax revenue. Funding allocated to the ELF school districts grant program is dependent upon the number of applications received and recommended for funding consideration each even-numbered year, and which are approved by the Legislature in the biennial capital budget.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

There is no expenditure impact to the department and the updates needed to program guidelines in collaboration with OSPI and the Early Learning Facilities (ELF) Advisory Group can be accomplished with minimal additional staff time.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Non-zero but indeterminate cost and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

The impact on the capital budget is indeterminate with illustrative impacts provided below. It is not clear what level of tax collections via the Common School Construction Fund that would be appropriated for the Early Learning Facilities (ELF) school district project list. ELF has the authority to deduct up to 4% for administrative expenses.

Agency assumptions:

- The department assumes the added requirements and ELF funding availability for school districts is additive and complementary to the current ELF School District Grant Program, and not a new grant program.
- The department does not know how much of the Common Schools Construction Fund would be allocated to ELF school district projects, which would be dependent on the number of applications received, the number of applications determined eligible for funding in the application review process, and the number of eligible projects submitted to the Legislature for funding consideration each biennium.
- Historically, ELF school district funding has awarded between six and eight projects per biennium with the average award amount from the 2023-25 project list being \$865,000.

- The department assumes that the expansion of the existing ELF school district grant program under Section 2 and the removal of the funding caps in Section 1 will increase the level of demand for school district and eligible organizations funds.
- The department assumes additional administrative impacts to update program guidance, including community outreach and engagement, and for increased provider interest for the ELF suite of funding programs, which would be funded within the allowable administrative deduction from an ELF capital appropriation.
- Available funding for ELF eligible organizations grants from the Ruth LeCocq Kagi Early Learning Facilities Development Account may be available, with additional grants awarded if ELF school district funding is allocated from the Common Schools Construction Fund. The department assumes that for every 50 awarded contracts beyond current capacity, the department would require additional staff.

0.70 FTE Commerce Specialist 3 (1,461 hours) in FY25-FY29, to provide program technical assistance, program development, program operations, and contract management; providing or building capacity around solicitation, origination, management of program contracts; and providing program engagement and outreach to market the program to eligible entities.

0.15 FTE Commerce specialist 4 (313 hours) in FY25-FY29, to support the monitoring of in-progress and complete projects, licensing of facilities, and service provision to the public; analyze documentation, data, and contracts to evaluate compliance; visits sites to understand site availability and determine compliance.

0.15 FTE Commerce Specialist 5 (313 hours) in FY25-FY29, to provide day to day direct of staff. This includes assigning contracts and program planning elements to staff. Staff will also provide support work to policy and rule development, as required. Staff will also support application development, outreach, and application scoring and prioritization. Staff will present advanced technical business information to and coordinate with key stakeholders.

0.08 FTE WMS Band 2 (167 hours) in FY25-FY29, to provide leadership, oversight, supervision, rules coordination, and decision-making over all elements of the program. Will also provide expert policy advice and consultation on issues specific to the program and to areas that have agency wide implications. Staff will also support stakeholder meetings, application development, outreach, technical assistance, and application scoring and prioritization.

Salary and Benefits:

FY25-FY29: \$131,993 per fiscal year

Goods and Services:

FY25-FY29, the department will consult with the AAG for an estimated 10 hours at \$210 per hour (\$2,100 per year FY25-FY29) to assist with annual contracting revisions and programmatic inquiries for legal compliance. Other annual goods and services consists of ZoomGrants Application tool at \$2,458 per year.

FY25-FY29: \$14,926 per fiscal year

Travel Costs:

Travel includes outreach to communities across the state to provide information about the availability of this new capital program directly to eligible colleges and universities. Annual travel will consist of 10 days of outreach and engagement, with half of them requiring lodging due to outreach and engagement to Eastern Washington communities

FY25-FY29: \$2,475 per fiscal year

Intra-agency reimbursements:

FY25-FY29: \$43,426 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Total costs:

FY25-FY29: \$192,820 per fiscal year

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Department of Revenue Fiscal Note

Bill Number: 2195 S HB	Title: Early learning facilities	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kelci Karl-Robinson	Phone: 60-786-7116	Date: 02/03/2024
Agency Preparation: Sara del Moral	Phone: 60-534-1525	Date: 02/05/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/05/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/05/2024

Request # 2195-2-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Note: This fiscal note reflects language in SHB 2195, 2024 Legislative Session.

COMPARISON OF SUBSTITUTE BILL WITH ORIGINAL BILL:

The substitute bill eliminates changes to distributions from capital gains tax revenues.

CURRENT LAW:

Washington's capital gains tax became effective January 1, 2022. The tax is imposed on the sale or exchange of long-term capital assets. Only individuals are subject to payment of the tax. However, individuals can be liable for the tax because of their ownership interest in a pass-through or disregarded entity that sells or exchanges long-term capital assets. The tax equals 7% multiplied by an individual's Washington capital gains.

All revenues collected during fiscal year 2024 are distributed as follows:

- The first \$524 million is deposited in the Education Legacy Trust Account.
- Any remaining amounts are deposited into the Common School Construction Account.

The Department of Revenue (department) adjusts amounts deposited into the Education Legacy Trust Account for inflation each year.

PROPOSAL:

The proposal does not impact the department.

EFFECTIVE DATE:

This bill takes effect on July 1, 2025.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

This legislation results in no revenue impact on taxes administered by the department.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The department will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required