

AMENDED IN ASSEMBLY APRIL 13, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 932**

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**Introduced by Assembly Member Torlakson**

February 26, 2009

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An act to amend ~~Section 8278.3~~ Sections 8278.3, 8279.4, 8279.5, and 8279.6 of the Education Code, relating to child care and development services, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 932, as amended, Torlakson. Child care and development services: facilities.

Existing law establishes the Child Care Facilities Revolving Fund in the State Treasury to provide funding for the renovation, repair, improvement, or purchase of child care facilities for lease to school districts and contracting agencies that provide child care and development services pursuant to the Child Care and Development Services Act.

This bill would instead specify that the fund be used to make loans to eligible borrowers for the purchase, development, construction, expansion, renovation, repair, or improvement of licensed child care. The bill would authorize the Superintendent of Public Instruction to transfer federal funds appropriated for child care facilities into the fund.

Existing law requires the Superintendent ~~of Public Instruction~~ to submit a report to specified agencies detailing certain information relating to the fund, including a projection of the lease payments collected.

This bill would instead require the Superintendent ~~of Public Instruction~~ to include a projection of the *lease and* loan payments

collected, and would require the Superintendent to include specified additional information in the report. The bill would require the State Department of Education to utilize the capital financing expertise of the child care financial intermediary program to administer the fund, and to adopt regulations to implement these procedures and manage the fund.

*Existing law requires the Superintendent to contract with a nonprofit organization to serve as a financial intermediary to undertake activities designed to increase funds available from the private and public sectors for the financing of child day care facilities.*

*This bill would require the financial intermediary to coordinate private sources of capital with the Child Care Facilities Revolving Fund instead of the Department of Housing and Community Development and the California Infrastructure and Economic Development Bank, and to provide capital financing and facility development expertise and assistance to the Child Care Facilities Revolving Fund. The bill would delete obsolete references in those provisions to regional resource centers.*

By authorizing the expenditure of funds in the Child Care Facilities Revolving Fund, a continuously appropriated fund, for a new purpose, and adding a new source of revenue for deposit into the fund, the bill would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 8278.3 of the Education Code is amended  
2 to read:  
3 8278.3. (a) (1) The Child Care Facilities Revolving Fund is  
4 hereby established in the State Treasury, to be used to make loans  
5 for the purchase, *site* development, construction, expansion,  
6 renovation, repair, or improvement of ~~all types of~~ licensed child  
7 care and development facilities, and for the purpose of loan  
8 administration. *Eligible borrowers are school districts and*  
9 *contracting agencies that provide child care and development*  
10 *services pursuant to this chapter, and school districts and county*  
11 *offices of education that provide services pursuant to the California*  
12 *School Age Families Education Program (Article 7.1 (commencing*  
13 *with Section 54740) of Chapter 9 of Part 29 of Division 4 of Title*

1 2). The Superintendent of Public Instruction may transfer state and  
2 federal funds appropriated for these child care facilities purposes  
3 into this fund. The Superintendent shall deposit all revenue derived  
4 from the repayment of loans made pursuant to this section, and  
5 from the lease payments from funds allocated prior to January 1,  
6 2010, into the Child Care Facilities Revolving Fund.

7 (2) Notwithstanding Section 13340 of the Government Code,  
8 all moneys in the fund, including moneys deposited from lease  
9 payments and loan payments, are continuously appropriated,  
10 without regard to fiscal years, to the Superintendent for expenditure  
11 pursuant to this article.

12 (b) On or before August 1 of each fiscal year, the Superintendent  
13 shall submit to the Office of the Secretary for Education, the  
14 Department of Finance, and the Legislative Analyst's Office a  
15 report detailing the number of funding requests received, the  
16 number of funding requests pending, the number of funding  
17 requests approved, and the purpose of each funding request, the  
18 types of agencies that received funding from the Child Care  
19 Facilities Revolving Fund, the retained or increased capacity that  
20 these facilities generated, a description of the manner in which the  
21 facilities are being used, and a projection of the *lease and* loan  
22 payments collected and the funds available for future use.

23 ~~(e) A school district or county office of education that provides~~  
24 ~~child care and development services pursuant to the California~~  
25 ~~School Age Families Education Program (Article 7.1 (commencing~~  
26 ~~with Section 54740) of Chapter 9 of Part 29) is eligible to apply~~  
27 ~~for and receive funding pursuant to this section.~~

28 ~~(d)~~

29 (c) The department shall utilize the capital financing expertise  
30 of the child care financial intermediary program to administer the  
31 Child Care Facilities Revolving Fund *pursuant to Sections 8279.4,*  
32 *8279.5, and 8279.6.*

33 (e)

34 (d) The department shall adopt regulations to establish priorities,  
35 forms, policies, and procedures for implementing this section and  
36 managing the Child Care Facilities Revolving Fund.

37 *SEC. 2. Section 8279.4 of the Education Code is amended to*  
38 *read:*

39 8279.4. The Legislature finds and declares the following:

1 (a) There is a serious shortage of quality child day care facilities  
 2 throughout the state.

3 (b) It is in the interest of the state’s children and families, and  
 4 the state’s economic growth, to encourage the expansion of existing  
 5 child day care facilities by assisting communities and interested  
 6 government and private entities to finance child day care facilities.

7 ~~(c) In addition to regional resource centers described in~~  
 8 ~~Provision 7(d) of Item 6110-196-0001 of the Budget Act of 1999,~~  
 9 ~~which focus on developing child care capacity in underserved areas~~  
 10 ~~of the state, there~~ There is a need to access capital for facilities on  
 11 a systematic basis, especially to use limited public sector funds to  
 12 leverage a greater private sector role in financing child day care  
 13 facilities. The Legislature finds and declares that a financial  
 14 intermediary could fill this role and support ~~the regional resource~~  
 15 ~~centers and other~~ local entities that work with potential providers  
 16 by functioning as a centralized repository of training, best practices,  
 17 and expertise on facilities financing.

18 *SEC. 3. Section 8279.5 of the Education Code is amended to*  
 19 *read:*

20 8279.5. (a) The Superintendent ~~of Public Instruction~~ shall  
 21 contract with a nonprofit organization to serve as a financial  
 22 intermediary. The nonprofit organization shall have staff who have  
 23 expertise in financing and capital expansion, are knowledgeable  
 24 about the child care field, and have the ability to develop and  
 25 implement a plan to increase the availability of financing to  
 26 renovate, expand, and construct child day care facilities, both in  
 27 day care centers and family day care homes.

28 (b) The financial intermediary selected by the Superintendent  
 29 ~~of Public Instruction~~ shall undertake activities designed to increase  
 30 funds available from the private and public sectors for the financing  
 31 of child day care facilities. These activities shall include, but are  
 32 not limited to, all of the following:

33 (1) Soliciting capital grants and program-related investments  
 34 from foundations and corporations.

35 (2) Building partnerships with foundations and corporations.

36 (3) Developing lending commitments, linked deposits, and other  
 37 financing programs with conventional financial institutions.

38 (4) Coordinating private sources of capital with existing public  
 39 sector sources of financing for child day care facilities, including,  
 40 but not limited to, ~~the Department of Housing and Community~~

1 ~~Development and the California Infrastructure and Economic~~  
2 ~~Development Bank Child Care Facilities Revolving Fund.~~

3 (5) Coordinating financing efforts with the technical assistance  
4 provided by ~~the regional resource centers described in Provision~~  
5 ~~7(d) of Item 6110-196-0001 of the Budget Act of 1999, and other~~  
6 local entities that work with potential providers.

7 (6) *Providing capital financing and facility development*  
8 *expertise and assistance to the Child Care Facilities Revolving*  
9 *Fund process, including support of the Child Care Facilities*  
10 *Revolving Fund in delivering capital for child day care facilities,*  
11 *including facilities on nonpublic school property.*

12 (c) This section shall only be implemented to the extent that  
13 funds are appropriated for this purpose in the annual Budget Act.

14 *SEC. 4. Section 8279.6 of the Education Code is amended to*  
15 *read:*

16 8279.6. (a) Pursuant to funding made available in subdivision  
17 (d) of Provision 7 of Item 6110-196-001 of the Budget Act of  
18 2000, the Superintendent of ~~Public Instruction~~ shall contract for a  
19 financial intermediary, pursuant to Section ~~8290.1~~ 8279.5, by  
20 January 1, 2001.

21 (b) The financial intermediary, during its first six months of  
22 operation, shall do all of the following:

23 (1) Create and publicize an 800 technical assistance telephone  
24 service number.

25 (2) Provide financial development training for agencies at the  
26 local level including, but not limited to, ~~Regional Resource Centers,~~  
27 Resource and Referral Agencies; and local child care planning  
28 councils that are assisting existing and potential providers renovate,  
29 expand, build or purchase facilities.

30 (3) Determine the financing barriers and impediments to the  
31 development of child care facilities, especially in underserved  
32 areas of the state.

33 (4) Identify funding sources that may be leveraged by the state,  
34 and partnerships with the philanthropic and corporate sectors that  
35 may be established, with the goal of increasing funding available  
36 for child care facilities for California's CalWORKs and low-income  
37 families.