

HOUSE BILL NO. 945

INTRODUCED BY K. SULLIVAN

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE EARLY CHILDHOOD EDUCATION AND CHILD CARE INFRASTRUCTURE GRANT PROGRAM TO CREATE NEW OR TO EXPAND EXISTING CHILD CARE PROGRAMS; PROVIDING GRANT AND APPLICATION REQUIREMENTS; PROVIDING LEGISLATIVE INTENT; PROVIDING FOR THE PRIORITIZATION OF CERTAIN GRANT APPLICATIONS; PROVIDING AN EXCLUSION FROM CERTAIN REQUIREMENTS IN TITLE 75; PROVIDING AN APPROPRIATION; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

WHEREAS, safe and accessible child care is of vital importance to families, communities, employees, and employers in Montana; and

WHEREAS, licensed child care capacity meets only 44% of the demand for child care in Montana; and

WHEREAS, licensed infant care capacity meets only 32% of the demand for infant care in Montana; and

WHEREAS, the most significant unmet demand for child care occurs in the more rural areas of the state; and

WHEREAS, access to safe, quality child care is essential for parents to participate in the labor force, yet 66,000 parents of children 5 years old and younger are currently not able to fully participate in the labor force because of a lack of child care; and

WHEREAS, the early childhood education and child care infrastructure grant program will provide one-time-only grants for capital expenses related to the construction and renovation of early childhood education and child care facilities around the state to increase child care capacity.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Definitions.** As used in [sections 1 through 8], the following definitions apply:

1 (1) "Day-care facility" has the meaning provided in 52-2-703.

2 (2) "Department" means the department of commerce provided for in 2-15-1801.

3 (3) "Head start agency" means a local public agency designated as a head start agency as
4 provided in 42 U.S.C. 9836.

5 (4) "Licensed or registered child care facility" means a day-care facility, a head start agency, or a
6 tribally operated center. The term also includes an applicant who is in the process of establishing a licensed or
7 registered child care facility.

8 (5) "School district" means a public school district as provided in 20-6-101 and 20-6-701.

9 (6) "Tribally operated center" means a day-care program that is owned or operated by a tribal
10 grantee that uses federal child care development fund grants to provide child care services.

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12 **NEW SECTION. Section 2. Early childhood education and child care infrastructure account --**

13 **use.** (1) There is an early childhood education and child care infrastructure account within the state special
14 revenue fund provided for in 17-2-102 to provide grant funding to licensed or registered child care facilities and
15 school districts that provide early childhood education and child care services and for costs related to
16 administering the grant program. The department shall administer the account.

17 (2) The department may use no more than 20% of the funds appropriated in [section 10] for the
18 department's administrative costs.

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20 **NEW SECTION. Section 3. Early childhood education and child care infrastructure grant**

21 **program.** (1) The department is authorized to award up to \$10 million in early childhood education and child
22 care infrastructure grants to licensed child care facilities and school districts to create a new child care program
23 or to expand an existing child care program through property acquisition, construction, space acquisition,
24 expansion, remodeling, repairs, and the purchase of developmentally appropriate child care equipment and
25 supplies. The grants authorized under this section are subject to the requirements provided in [sections 5 and
26 8].

27 (2) The department shall solicit and accept proposals from licensed child care facilities and school
28 districts for early childhood education and child care infrastructure projects.

(3) Funding for projects may be provided only as long as there are sufficient funds available from the amount appropriated from the early childhood education and child care infrastructure account established in [section 2]. Funding for the projects must be prioritized according to the provisions of [section 8(9)].

NEW SECTION. Section 4. Application for grant funds -- department guidelines. (1) A licensed or registered child care facility or school district may apply to the department for early childhood education and child care infrastructure grants under [section 3].

(2) The department may adopt guidelines necessary to implement the provisions of [sections 1 through 8].

NEW SECTION. Section 5. Grant requirements -- disbursement of funds. (1) The award of grant funds for the projects chosen by the department pursuant to [section 3] is subject to the following requirements:

(a) for grants in an amount of \$50,000 or more, the grant recipient shall document the availability of matching funds or in-kind contribution of assets with an appraised value from private sources representing at least \$1 in value for each \$1 of the grant;

(b) the grant recipient shall execute a grant agreement with the department that includes a project management plan and reporting requirements to track the outcomes of the grants awarded; and

(c) the grant recipient shall satisfy other specific requirements considered necessary by the department to accomplish the purpose of the project as evidenced by the application to the department.

(2) A project that receives grant funds must adhere to the design standards required by applicable regulations. A recipient of grant funds for a project that is not subject to any design standards shall comply with generally accepted industry standards.

(3) If actual project expenses are lower than the projected expense of the project, the department shall reduce the amount of grant funds to be provided to the grant recipient.

(4) (a) The department shall coordinate with the department of public health and human services and with any entities that have a contract with the department of public health and human services to provide child care facility planning and implementation technical assistance.

(b) A project that receives grant funds to expand an existing licensed or registered child care

1 facility may access the technical assistance for facility start-up, expansion, or renovation projects.

2 (c) A project that receives grant funds to create a new licensed or registered child care facility must
3 access the technical assistance as a condition of the grant.

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5 **NEW SECTION. Section 6. Maximum state grant funding available.** (1) The amount of state
6 funding awarded to entities within an individual county under [sections 1 through 8] may not exceed \$700,000.
7 A maximum of two grant applications may be funded in an individual county.

8 (2) The amount of a grant awarded to an individual project may not exceed \$500,000.

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10 **NEW SECTION. Section 7. Exclusion from certain environmental requirements.** The provisions
11 of Title 75, chapter 1, parts 1 and 2, do not apply to the provisions of [this act].

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13 **NEW SECTION. Section 8. Legislative intent.** (1) It is the intent of the legislature that [this act] be
14 implemented quickly by the department and that the department develop and implement a grant application
15 process that is efficient and user-friendly. The grant application must include:

16 (a) the name, address, telephone number, and e-mail address of the applicant, the name of the
17 contact person, and the contact person's contact information, if different from the applicant;

18 (b) a statement of the problem or community/child care need the grant is expected to address;

19 (c) a list of activities the applicant plans to undertake using the grant funds to address the
20 identified problem or community/child care need;

21 (d) a cost estimate for each of the proposed activities to be undertaken by the applicant, including
22 supporting documentation from contractors, vendors, and other parties who plan to provide materials or
23 services to the applicant;

24 (e) a schedule of when the proposed project will commence and be completed; and

25 (f) clear evidence that the applicant has the required cash match for the grant. This may include
26 copies of bank statements or letters from the applicant's bank or financial manager testifying to the availability
27 of matching funds. Statements that promise matching funds in the future or claims that the applicant is pursuing
28 additional grant funding are not acceptable under this subsection (1)(f).

(2) A government applicant is required to follow the public notice and public participation requirements contained in Article II, sections 8 and 9 of the Montana constitution and Title 7. These requirements do not apply to a nongovernmental applicant.

(3) An applicant must be a recognized unit of government in Montana or be legally incorporated in the state of Montana and be in good standing with the secretary of state. Individuals and partnerships are ineligible to apply for grant funding.

(4) Within 10 days of receipt of a grant application, the department shall conduct a completeness review to ensure that all parts of the application are present. If incomplete, the department shall notify the applicant in writing of any deficiencies and provide the applicant with 15 days to correct the deficiencies.

(5) An application may be submitted to the department electronically or in written form.

(6) The applicant must have a financial system that segregates the grant funds and matching funds in a unique account to ensure that the funds are not commingled with other money managed by the applicant. The financial system must be capable of accurately tracking project revenues and expenditures.

(7) The applicant shall submit a quarterly progress report to the department providing a narrative statement of the activities undertaken and completed and a financial statement showing expenditures made during the previous 3 months. The financial statement must be supported by copies of the paid invoices.

(8) The applicant shall enter into a contract with the department to receive funds under a grant award. Funds will be disbursed on a reimbursement basis by the department.

(9) If the total amount of grant applications exceed the available funding, the department shall prioritize grant awards for applicants with child care programs that:

(a) are or will be located in rural areas or in areas that are determined to be child care deserts by the department of labor and industry;

(b) currently provide child care services for 30 or less children;

(c) will increase infant care capacity in the applicant's community;

(d) will offer nonstandard child care hours; or

(e) expand an existing tribal child care program.

NEW SECTION. Section 9. Transfer of funds. By July 1, 2025, the state treasurer shall transfer \$10

1 million from the general fund to the early childhood education and child care infrastructure account established
2 in [section 2].

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4 NEW SECTION. **Section 10. Appropriation.** There is appropriated \$10 million from the early
5 childhood education and child care infrastructure account established in [section 2] to the department of
6 commerce for the biennium beginning July 1, 2025, for the purpose of the early childhood education and child
7 care infrastructure grants authorized in [sections 1 through 8]. Appropriations are authorized to continue
8 through the end of the biennium beginning July 1, 2029.

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10 NEW SECTION. **Section 11. Notification to tribal governments.** The secretary of state shall send
11 a copy of [this act] to each federally recognized tribal government in Montana.

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13 NEW SECTION. **Section 12. Effective date.** [This act] is effective July 1, 2025.

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15 NEW SECTION. **Section 13. Termination.** [This act] terminates June 30, 2031.

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