

## SENATE BILL NO. 565

INTRODUCED BY L. SMITH

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE MONTANA ENDOWMENT FOR EARLY CHILDHOOD AND RELATED STRUCTURE; ESTABLISHING A MONTANA EARLY CHILDHOOD ACCOUNT BOARD AND MEMBERSHIP REQUIREMENTS; PROVIDING FOR A QUARTERLY TRANSFER INTO THE STATE SPECIAL REVENUE ACCOUNT; CREATING A FEE FOR RENEWAL OF LAPSED CHILD-CARE FACILITY LICENSES AND REGISTRATION CERTIFICATES TO PROVIDE ADDITIONAL FUNDING TO THE STATE SPECIAL REVENUE ACCOUNT; ESTABLISHING REPORTING REQUIREMENTS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 52-2-721, MCA; PROVIDING FOR A GENERAL FUND TRANSFER; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**NEW SECTION. Section 1. Montana early childhood account board.** (1) There is a Montana early childhood account board consisting of seven members appointed by the governor as follows:

(a) two members who are employees of the department of public health and human services, including one employee of the early childhood and family support division and one employee of the division of the department that oversees American Indian health;

(b) one member who is an employee of the department of labor and industry;

(c) one member who is an employee of the office of public instruction;

(d) one member who is an employee of the department of commerce; and

(e) two members representing state and local community early childhood organizations.

(2) A member's term is 3 years. Initial appointments may specify a shorter length of the initial term to stagger the terms. Vacancies must be filled for the balance of an unexpired term. A member of the board may be reappointed.

(3) The board is allocated to the department of public health and human services for administrative purposes only, as provided in 2-15-121. The board may employ staff to carry out its duties as described in

1 [sections 1 through 6].

2 (4) Unless otherwise provided by law, each member is entitled to be reimbursed for travel  
3 expenses incurred, as provided in 2-18-501 through 2-18-503, while performing board duties.

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5 **NEW SECTION. Section 2. Endowment for early childhood -- quarterly transfer into state**  
6 **special revenue account.** (1) There is within the permanent fund type a Montana endowment for early  
7 childhood. The endowment is not subject to appropriation. The purpose of the endowment is to provide a  
8 permanent source of funding to support the programs and services described in [section 4].

9 (2) The endowment may receive funds from:

10 (a) appropriations and transfers;

11 (b) gifts, grants, and donations from public or private sources;

12 (c) fees for the renewal of a lapsed license or registration certificate for a day-care center, family  
13 day-care home, or group day-care home, pursuant to 52-2-721; and

14 (d) other money credited or transferred to the endowment from any other fund or source.

15 (3) The state treasurer shall receive and deposit money in the endowment. The board of  
16 investments shall invest the money in the endowment. Only the interest generated by the endowment is  
17 available for expenditure by the board, and it must be transferred into the account provided for in [section 3] on  
18 a quarterly basis.

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20 **NEW SECTION. Section 3. Montana early childhood account -- nonsupplantation of funds.** (1)  
21 There is a Montana early childhood account in the state special revenue fund in the state treasury. The money  
22 in the account is allocated to the Montana early childhood account board established in [section 1] for funding  
23 services and activities under, and payment of administrative costs of, the programs described in [section 4].

24 (2) Funds deposited in the Montana early childhood account may be used only for the programs  
25 and grants authorized in [section 4] and may not be used to pay the expenses of any other program or service  
26 administered in whole or in part by the department of public health and human services or any other state  
27 government entity.

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1           **NEW SECTION. Section 4. Eligible uses of Montana early childhood grants -- annual report.** (1)

2     The Montana early childhood account board established in [section 1] shall use the money in the Montana early  
3     childhood account provided for in [section 3] and the interest transferred from the endowment established in  
4     [section 2] to fund services and activities related to a broad range of programs operated by nonprofit or public  
5     community-based educational or service organizations or early childhood coalitions.

6           (2)     Eligible purposes for which the board may authorize grants include:

7           (a)     early care and education provider support and workforce development, including:

8           (i)     technical assistance grants that offer funding to start or expand child-care or day-care  
9     businesses, community-level partnerships, and program access strategies;

10          (ii)    grants to support early childhood postsecondary education, certifications, apprenticeship,  
11     training, and continuing education to grow the workforce of early childhood professionals; and

12          (iii)   recruitment and retention grants to provide workforce benefits, stipends, or supplements to  
13     retain qualified workers;

14          (b)     quality improvement initiatives, including accreditation support, curriculum development, safety  
15     upgrades, and supports for infants, toddlers, and children with special needs;

16          (c)     affordability initiatives, including expansion of licensed before-school and after-school care, the  
17     state child-care subsidy program, and temporary child-care assistance programs for families facing sudden  
18     financial hardship;

19          (d)     innovation initiatives, including community child-care expansion programs, and early learning  
20     and early childhood intervention access programs; and

21          (e)     emergency assistance and disaster relief programs for impacted child-care facilities.

22          (3)     In administering the early childhood grant program, the board shall:

23          (a)     determine funding priorities for services and activities using the department of public health and  
24     human services' early childhood system strategic plan and comprehensive fiscal analysis;

25          (b)     establish further criteria for the receipt of program funds;

26          (c)     monitor the expenditure of funds by organizations receiving funds under this section;

27          (d)     evaluate the efficacy of services and activities funded under this section; and

28          (e)     adopt rules necessary to implement this section.

(4) By September 1 of each year, the board shall report to the education interim committee and the children, families, health, and human services interim committee in accordance with 5-11-210 on the services and activities funded under this section.

**NEW SECTION. Section 5. Gifts and grants to program.** The Montana early childhood account board may accept contributions, gifts, and grants, of money or otherwise, to the programs described in [section 4]. Monetary gifts, contributions, and grants earmarked for the endowment for Montana early childhood must be paid into the endowment established in [section 2].

**NEW SECTION. Section 6. Program costs -- annual report.** (1) The costs incurred by the Montana early childhood account board in administering the programs described in [section 4] must be paid for with money from the Montana early childhood account provided for in [section 3]. The board shall keep costs to a minimum and use existing office space, personnel, equipment, and supplies of the department of public health and human services to the extent possible.

(2) (a) By September 1 of each year, the department shall provide a written report to the children, families, health, and human services interim committee in accordance with 5-11-210.

(b) The report must include the following information for each grant:

- (i) the project or activity for which the grant was awarded;
- (ii) the amount of the grant;
- (iii) proposed and actual uses of grant funds;
- (iv) the duration; and
- (v) the grant recipient.

**Section 7.** Section 52-2-721, MCA, is amended to read:

**"52-2-721. License required -- registration required -- term of license or registration certificate - no fee charged -- exception.** (1) Except as provided in subsection (7), a person, group of persons, or corporation may not:

- (a) establish or maintain a day-care center for children, in which day care is provided on a regular

1 basis, unless licensed to do so by the department;

2 (b) operate a family day-care home or group day-care home without first procuring a family day-  
3 care or group day-care registration certificate from the department.

4 (2) The license and registration certificate must contain the ages and numbers of children for  
5 whom day care may be provided.

6 (3) The applicant's own children must be included in the manner provided for in department  
7 regulations in the total number of children to be cared for under the license or registration certificate.

8 (4) The department:

9 (a) may issue a license or registration certificate that remains in effect for a period not to exceed 3  
10 years; and

11 (b) except as provided in subsection (9), may not charge a fee to issue a license or registration  
12 certificate.

13 (5) A 3-year license may be issued only to a provider who has not received notice of any  
14 deficiencies on the licensing criteria and implementing guidelines that are provided in department rule.

15 (6) The department may issue a license to a day-care center in which day care is provided on an  
16 irregular basis if the person operating the center chooses to apply for licensure.

17 (7) A person who provides day care in a private residence for six or fewer children is not required  
18 to obtain a family day-care registration certificate and is exempt from the requirements of this part if that person  
19 does not receive payments as provided in 52-2-713.

20 (8) The department shall recognize the status of and may not require a state license for a facility  
21 that is licensed as a family ~~child-care~~ child-care provider or ~~child-care~~ child-care facility by a branch of the  
22 United States armed forces, including the United States coast guard.

23 (9) The department shall charge a \$25 fee to renew a license or registration certificate for a facility  
24 that has allowed the facility's license or registration certificate to lapse while still in operation as a day-care  
25 center, family day-care home, or group day-care home. The fee must be deposited in the state special revenue  
26 account established in [section 3]."

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28 NEW SECTION. Section 8. Codification instruction. [Sections 1 through 6] are intended to be

1 codified as an integral part of Title 52, chapter 2, and the provisions of Title 52, chapter 2, apply to [sections 1  
2 through 6].

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4 NEW SECTION. **Section 9. General fund transfer.** By August 1, 2025, there is transferred \$150  
5 million from the general fund to the Montana endowment for early childhood established in [section 2].

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7 NEW SECTION. **Section 10. Effective date.** [This act] is effective on passage and approval.

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