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**SUBSTITUTE HOUSE BILL 2195**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** House Capital Budget (originally sponsored by Representatives Callan, Eslick, Senn, Chopp, Ramel, Paul, Reeves, Ormsby, Hackney, Reed, Fosse, Doglio, Goodman, and Davis)

READ FIRST TIME 02/05/24.

1 AN ACT Relating to strengthening the early learning facilities  
2 grant and loan program by revising criteria and providing resources  
3 to the Ruth LeCocq Kagi early learning facilities development  
4 account; amending RCW 43.31.577, 43.31.575, 43.31.569, and  
5 28A.515.320; adding new sections to chapter 43.31 RCW; and providing  
6 an effective date.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 **Sec. 1.** RCW 43.31.577 and 2023 c 474 s 8031 are each amended to  
9 read as follows:

10 (1) Activities eligible for funding through the early learning  
11 facilities grant and loan program for eligible organizations include:

12 (a) Facility predesign grants or loans (~~of no more than~~  
13 ~~\$20,000~~) to allow eligible organizations to secure professional  
14 services or consult with organizations certified by the community  
15 development financial institutions fund to plan for and assess the  
16 feasibility of early learning facilities projects or receive other  
17 technical assistance to design and develop projects for construction  
18 funding;

19 (b) Grants or loans (~~of no more than \$200,000 for minor~~  
20 ~~renovations or repairs of existing early learning facilities or~~) for

1 predevelopment activities to advance a proposal from planning to  
2 major construction or renovation;

3 (c) Grants or loans for renovations or repairs of existing early  
4 learning facilities;

5 (d) Major construction and renovation grants or loans and grants  
6 or loans for facility purchases (~~(of no more than \$1,000,000)~~) to  
7 create or expand early learning facilities(~~(, except that during the~~  
8 ~~2023-2025 fiscal biennium these grants or loans may not exceed~~  
9 ~~\$2,500,000))~~); and

10 (~~(d)~~) (e) Administration costs associated with conducting  
11 application processes, managing contracts, translation services, and  
12 providing technical assistance.

13 (2) For grants or loans awarded under subsection (1)(c) and (d)  
14 of this section, the department must prioritize applications for  
15 facilities that are ready for construction.

16 (3) Activities eligible for funding through the early learning  
17 facilities grant and loan program for school districts include major  
18 construction, purchase, and renovation grants or loans (~~(of no more~~  
19 ~~than \$1,000,000)~~) to create or expand early learning facilities that  
20 received priority and ranking as described in RCW 43.31.581.

21 (~~((3) Amounts in this section must be increased annually by the~~  
22 ~~United States implicit price deflator for state and local government~~  
23 ~~construction provided by the office of financial management.))~~)

24 NEW SECTION. Sec. 2. A new section is added to chapter 43.31  
25 RCW to read as follows:

26 (1) The legislature finds that some school districts provide  
27 early learning education programs and services funded with school  
28 district resources at school district facilities. These programs  
29 benefit children and school districts in a variety of ways, primarily  
30 by preparing children for kindergarten and beyond. The legislature  
31 intends to encourage and support early learning programs and services  
32 provided by school districts in common school facilities.

33 (2) Activities eligible for funding through the early learning  
34 grant and loan program include grants to school districts for early  
35 learning programs and services related to school district facility  
36 space.

37 (3) The department of commerce and the office of the  
38 superintendent of public instruction must cooperate and coordinate

1 regarding the department of commerce's grant application and  
2 selection process.

3 (4) For purposes of this section, "early learning programs and  
4 services" provide services to preschool age students and students in  
5 before-and-after school care as authorized by chapter 28A.215 RCW and  
6 RCW 28A.300.072, 43.216.143, 43.216.556, and 43.216.580.

7 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.31  
8 RCW to read as follows:

9 For early learning facilities collocated with affordable or  
10 supportive housing developments, the department may remit state  
11 funding on a reimbursement basis for 90 percent of eligible project  
12 costs, regardless of the project's match amount, once the nonstate  
13 share of project costs have been either expended or firmly committed  
14 in an amount sufficient to complete the entire project or a distinct  
15 phase of the project that is useable to the public as an early  
16 learning facility. Eligible housing developments are projects that  
17 have received public funding and have secured enough funding to  
18 complete construction of the project that will result in a  
19 certificate of occupancy to open the affordable housing development,  
20 including the early learning facility.

21 **Sec. 4.** RCW 43.31.575 and 2021 c 130 s 2 are each amended to  
22 read as follows:

23 (1) Organizations eligible to receive funding from the early  
24 learning facilities grant and loan program include:

25 (a) Early childhood education and assistance program providers;

26 (b) Working connections child care providers who are eligible to  
27 receive state subsidies;

28 (c) Licensed early learning centers not currently participating  
29 in the early childhood education and assistance program, but  
30 intending to do so;

31 (d) Developers of housing and community facilities;

32 (e) Community and technical colleges;

33 (f) Educational service districts;

34 (g) Local governments;

35 (h) Federally recognized tribes in the state; and

36 (i) Religiously affiliated entities.

37 (2) To be eligible to receive funding from the early learning  
38 facilities grant and loan program for activities described in RCW

1 43.31.577 (1) (b), (c), and (~~(e)~~) (d) and (2), eligible  
2 organizations and school districts must:

3 (a) Commit to being an active participant in good standing with  
4 the early achievers program as defined by chapter 43.216 RCW; and

5 (b) Demonstrate that projects receiving construction, purchase,  
6 or renovation grants or loans must also:

7 (i) Demonstrate that the project site is under the applicant's  
8 control for a minimum of ten years, either through ownership or a  
9 long-term lease; and

10 (ii) Commit to using the facility funded by the grant or loan for  
11 the purposes of providing preschool or child care for a minimum of  
12 ten years.

13 (3) To be eligible to receive funding from the early learning  
14 facilities grant and loan program for activities described in RCW  
15 43.31.577 (1) (b), (c), and (~~(e)~~) (d) and (2), religiously  
16 affiliated entities must use the facility to provide child care and  
17 education services consistent with subsection (4) (a) of this section.

18 (4) (a) Upon receiving a grant or loan, the recipient must  
19 continue to be an active participant and in good standing with the  
20 early achievers program.

21 (b) If the recipient does not meet the conditions specified in  
22 (a) of this subsection, the grants shall be repaid to the early  
23 learning facilities revolving account or the early learning  
24 facilities development account, as directed by the department. So  
25 long as an eligible organization continues to provide an early  
26 learning program in the facility, the facility is used as authorized,  
27 and the eligible organization continues to be an active participant  
28 and in good standing with the early achievers program, the grant  
29 repayment is waived.

30 (c) The department, in consultation with the department of  
31 children, youth, and families, (~~must~~) may adopt rules to implement  
32 this section.

33 **Sec. 5.** RCW 43.31.569 and 2021 c 130 s 3 are each amended to  
34 read as follows:

35 (1) The early learning facilities revolving account and the early  
36 learning facilities development account are created in the state  
37 treasury.

38 (2) Revenues to the early learning facilities revolving account  
39 shall consist of appropriations by the legislature, early learning

1 facilities grant and loan repayments, taxable bond proceeds, and all  
2 other sources deposited in the account.

3 (3) Revenues to the early learning facilities development account  
4 shall consist of tax exempt bond proceeds and transfers and  
5 appropriations from the common school construction fund in RCW  
6 28A.515.320. Common school construction funds may only be used for  
7 purposes of section 2 of this act.

8 (4) Expenditures from the accounts shall be used, in combination  
9 with other private and public funding, for state matching funds for  
10 the planning, renovation, purchase, and construction of early  
11 learning facilities as established in RCW 43.31.573 through 43.31.583  
12 and 43.84.092.

13 (5) Expenditures from the accounts are subject to appropriation  
14 and the allotment provisions of chapter 43.88 RCW.

15 (6) The early learning facilities revolving account shall be  
16 known as the Ruth LeCocq Kagi early learning facilities revolving  
17 account.

18 (7) The early learning facilities development account shall be  
19 known as the Ruth LeCocq Kagi early learning facilities development  
20 account.

21 **Sec. 6.** RCW 28A.515.320 and 2023 c 470 s 2006 are each amended  
22 to read as follows:

23 (1) The common school construction fund is to be used exclusively  
24 for the purpose of financing the construction of facilities for the  
25 common schools. The sources of said fund shall be: (~~(1)~~) (a) Those  
26 proceeds derived from sale or appropriation of timber and other crops  
27 from school and state land other than those granted for specific  
28 purposes; (~~(2)~~) (b) the interest accruing on the permanent common  
29 school fund less the allocations to the state treasurer's service  
30 fund pursuant to RCW 43.08.190 and the state investment board expense  
31 account pursuant to RCW 43.33A.160 together with all rentals and  
32 other revenue derived therefrom and from land and other property  
33 devoted to the permanent common school fund; (~~(3)~~) (c) all moneys  
34 received by the state from the United States under the provisions of  
35 section 191, Title 30, United States Code, Annotated, and under  
36 section 810, chapter 12, Title 16, (Conservation), United States  
37 Code, Annotated, except moneys received before June 30, 2001, and  
38 when thirty megawatts of geothermal power is certified as  
39 commercially available by the receiving utilities and the department

1 of commerce, eighty percent of such moneys, under the geothermal  
2 steam act of 1970 pursuant to RCW 43.140.030; and (~~(+4)~~) (d) such  
3 other sources as the legislature may direct. That portion of the  
4 common school construction fund derived from interest on the  
5 permanent common school fund may be used to retire such bonds as may  
6 be authorized by law for the purpose of financing the construction of  
7 facilities for the common schools.

8 (2) The interest accruing on the permanent common school fund  
9 less the allocations to the state treasurer's service fund pursuant  
10 to RCW 43.08.190 and the state investment board expense account  
11 pursuant to RCW 43.33A.160 together with all rentals and other  
12 revenues accruing thereto pursuant to subsection (~~(+2)~~) (1)(b) of  
13 this section prior to July 1, 1967, shall be exclusively applied to  
14 the current use of the common schools.

15 (3) To the extent that the moneys in the common school  
16 construction fund are in excess of the amount necessary to allow  
17 fulfillment of the purpose of said fund, the excess shall be  
18 available for deposit to the credit of the permanent common school  
19 fund or available for the current use of the common schools, as the  
20 legislature may direct. Any money from the common school construction  
21 fund which is made available for the current use of the common  
22 schools shall be restored to the fund by appropriation, including  
23 interest income forgone, before the end of the next fiscal biennium  
24 following such use.

25 (4) For purposes of this section, "common schools" includes  
26 facilities owned by school districts in which programs are operated  
27 by a school district or its contractor to serve preschool age  
28 students and students in before-and-after school care as authorized  
29 by chapter 28A.215 RCW and RCW 28A.300.072, 43.216.143, 43.216.556,  
30 and 43.216.580.

31 NEW SECTION. **Sec. 7.** If any provision of this act or its  
32 application to any person or circumstance is held invalid, the  
33 remainder of the act or the application of the provision to other  
34 persons or circumstances is not affected.

35 NEW SECTION. **Sec. 8.** Section 1 of this act takes effect July 1,  
36 2025.

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