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**SUBSTITUTE HOUSE BILL 2438**

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**State of Washington**

**69th Legislature**

**2026 Regular Session**

**By** House Postsecondary Education & Workforce (originally sponsored by Representatives Bergquist, Ybarra, Scott, Pollet, Reed, and Nance)

READ FIRST TIME 02/04/26.

1 AN ACT Relating to establishing the supporting our early  
2 education degree seekers scholarship; adding a new chapter to Title  
3 28B RCW; creating a new section; and providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that:

6 (1) The share of families reporting difficulty securing a spot in  
7 licensed child care jumped from 22 percent in December 2021 to 58  
8 percent in January 2022. The second most cited reason for staffing  
9 vacancies in licensed family homes is staffing issues and lack of  
10 staff capacity, and nearly 50 percent of child care centers report  
11 vacancies because of staffing issues. Licensed child care providers  
12 continue to struggle with recruiting and retaining staff in a tight  
13 labor market, especially as retail, hospitality, and service  
14 industries offer more competitive wages and benefits. Without  
15 targeted action, these access gaps in high quality care and their  
16 unequal impacts on women are likely to widen;

17 (2) The 2020 child care policy recommendations by the child care  
18 collaborative task force recommended full funding for professional  
19 development, relationship-based professional development, and  
20 financial incentives to support providers in meeting staff  
21 qualifications, ongoing continuous quality improvement, and achieving

1 high quality levels in early achievers and school-age quality  
2 standards;

3 (3) When the Washington advanced college tuition payment program  
4 was enacted, the legislature envisioned that establishing a  
5 scholarship for those in financial need would be a permissible use of  
6 the moneys from the payment program account;

7 (4) The Washington advanced college tuition payment program  
8 account in chapter 28B.95 RCW has a surplus of funding and is funded  
9 at a level of approximately 178 percent;

10 (5) In June 2025, the internal revenue service issued an  
11 informational letter stating that section 529 of the internal revenue  
12 code does not explicitly restrict a state from transferring credit or  
13 certificate purchases in a qualified tuition program; and

14 (6) It is an appropriate use of a portion of the surplus from the  
15 Washington advanced college tuition payment program account to  
16 provide financial aid to students enrolled in eligible early  
17 childhood education programs.

18 NEW SECTION. **Sec. 2.** The definitions in this section apply  
19 throughout this chapter unless the context clearly requires  
20 otherwise.

21 (1) "Community college" has the same meaning as in RCW  
22 28B.50.030.

23 (2) "Council" means the student achievement council.

24 (3) "Eligible degree or certificate program" means:

25 (a) An early childhood stackable certificate; or

26 (b) An early childhood associate degree.

27 (4) "Gift aid" means financial aid received from the federal Pell  
28 grant, the state need grant program under chapter 28B.92 RCW, the  
29 college bound scholarship program under chapter 28B.118 RCW, the  
30 opportunity grant program under chapter 28B.50 RCW, the opportunity  
31 scholarship program under chapter 28B.145 RCW, or any other state  
32 grant or scholarship program that provides funds for educational  
33 purposes with no obligation of repayment. "Gift aid" does not include  
34 student loans or work-study programs.

35 (5) "Office" means the office of student financial assistance.

36 (6) "Recipient" means an eligible student who has been awarded  
37 the scholarship.

38 (7) "Resident student" has the same meaning as defined in RCW  
39 28B.15.012.

1 (8) "Scholarship" means the supporting our early education degree  
2 seekers scholarship.

3 (9) "Technical college" has the same meaning as defined in RCW  
4 28B.50.030.

5 NEW SECTION. **Sec. 3.** (1) The supporting our early education  
6 degree seekers scholarship is established to provide up to 90 credits  
7 of tuition-free community or technical college for students enrolled  
8 in eligible early childhood education and assistance degrees or  
9 programs beginning in the 2027-28 academic year. In implementing and  
10 administering the scholarship, the office may collaborate with a  
11 statewide child care resource and referral organization.

12 (2) To be eligible for the scholarship, a resident student must:

13 (a) Have a family income at or between 65 to 150 percent of the  
14 state median family income, adjusted for family size as established  
15 and updated annually by the office;

16 (b) Not have previously earned a bachelor's degree or higher;

17 (c) Be enrolled at least part time in a community or technical  
18 college in an eligible degree or certificate program;

19 (d) Complete the free application for federal student aid or the  
20 Washington application for state financial aid for the academic year  
21 in which the student seeks eligibility for the scholarship; and

22 (e) Sign an attestation to work in an early learning center for  
23 at least two years upon completion of an eligible degree or  
24 certificate program.

25 (3) Students who have previously earned an associate's degree and  
26 meet all eligibility requirements under subsection (2) of this  
27 section may only receive up to 30 credits of tuition-free community  
28 or technical college for eligible degree or certificate programs.

29 (4) Qualifications for receipt and renewal of the scholarship  
30 include maintaining satisfactory academic progress toward completion  
31 of an eligible degree or certificate program as determined by the  
32 office and established in rule.

33 NEW SECTION. **Sec. 4.** (1) On August 1st of each calendar year,  
34 starting on August 1, 2027, the amount of \$10,000,000 from the  
35 Washington advanced college tuition payment program account created  
36 in RCW 28B.95.060 must be used for recipient grant awards under the  
37 scholarship as outlined in this section. Of the amount provided from  
38 the Washington advanced college tuition payment program account

1 created in RCW 28B.95.060, annually no more than \$500,000 may be  
2 utilized for administration costs. Funding under this section may  
3 only be allocated if the actuarial funded status remains at or above  
4 120 percent.

5 (2) The value of a grant award is:

6 (a) The difference between the recipient's tuition fees as  
7 defined in RCW 28B.15.020 and services and activities fees as defined  
8 in RCW 28B.15.041, less the value of any state-funded grant including  
9 the college bound scholarship program established in chapter 28B.118  
10 RCW and the Washington college grant program created in RCW  
11 28B.92.200, scholarship, gift aid, or waiver assistance the recipient  
12 receives, for up to 90 credits to be earned within three academic  
13 years; and

14 (b) Student support and wraparound services, provided by each  
15 community or technical college, to reduce or help to reduce barriers  
16 that threaten completion of eligible degree or certificate programs.  
17 Support and wraparound services under this section may be provided no  
18 longer than the recipient receives benefits under the scholarship.

19 NEW SECTION. **Sec. 5.** The early education scholarship account is  
20 created in the custody of the state treasurer. All receipts directed  
21 to the account from the Washington advanced college tuition payment  
22 program account created in RCW 28B.95.060 must be deposited into the  
23 account. Expenditures from the account may be used solely and  
24 exclusively for the supporting our early education degree seekers  
25 scholarship established in section 3 of this act.

26 NEW SECTION. **Sec. 6.** The caseload forecast council shall  
27 estimate the anticipated caseload of the scholarship and submit this  
28 forecast as required in RCW 43.88C.020.

29 NEW SECTION. **Sec. 7.** The office may adopt, and revise as  
30 necessary, rules to implement this chapter.

31 NEW SECTION. **Sec. 8.** (1) Any claim filed challenging the  
32 validity of this act not filed before January 1, 2030, is forever  
33 barred, if not already barred by an otherwise applicable statute of  
34 limitations. By the effective date of this section, the council shall  
35 send a notification to include the provisions of RCW 28B.95.040 and  
36 the provisions of this act, and specifically of the limitations of

1 this section, by first-class mail, to the last known address of each  
2 owner of a tuition unit contract.

3 (2) For purposes of this section, "owner" and "tuition unit  
4 contract" have the same meaning as in RCW 28B.95.020.

5 NEW SECTION. **Sec. 9.** Sections 1 through 8 of this act  
6 constitute a new chapter in Title 28B RCW.

7 NEW SECTION. **Sec. 10.** (1) The student achievement council, in  
8 collaboration with the state board for community and technical  
9 colleges, shall conduct a study on the sustainability of the  
10 scholarship to include at a minimum the following information: Any  
11 increase in enrollments at community or technical colleges; any  
12 decreases in enrollments elsewhere at institutions of higher  
13 education; and changes in recipient persistence, completion, and  
14 time-to-degree rates in eligible degree or certificate programs.

15 (2) The study must include an analysis on the demand for student  
16 services, such as advising and student success courses,  
17 recommendations to improve student services and outcomes, and the  
18 financial impact of the scholarship on recipients.

19 (3) The student achievement council shall report its findings to  
20 the relevant committees of the legislature, in accordance with RCW  
21 43.01.036, by October 18, 2028.

22 (4) This section expires August 1, 2029.

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