
SECOND SUBSTITUTE HOUSE BILL 2438

State of Washington

69th Legislature

2026 Regular Session

By House Appropriations (originally sponsored by Representatives Bergquist, Ybarra, Scott, Pollet, Reed, and Nance)

READ FIRST TIME 02/09/26.

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;

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; and

18 (7) It is an appropriate use of a portion of the surplus from the
19 Washington advanced college tuition payment program account to
20 replace current funding for the early achievers program created in
21 RCW 43.216.085 and the early achievers grant administered by the
22 state board for community and technical colleges.

23 NEW SECTION. **Sec. 2.** The definitions in this section apply
24 throughout this chapter unless the context clearly requires
25 otherwise.

26 (1) "Community college" has the same meaning as in RCW
27 28B.50.030.

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

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

30 (a) An early childhood stackable certificate; or

31 (b) An early childhood associate degree.

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

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

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

3 (7) "Resident student" has the same meaning as defined in RCW
4 28B.15.012.

5 (8) "Scholarship" means the supporting our early education degree
6 seekers scholarship.

7 (9) "Technical college" has the same meaning as defined in RCW
8 28B.50.030.

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

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

17 (a) Have a family income at or between 61 to 150 percent of the
18 state median family income, adjusted for family size as established
19 and updated annually by the office;

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

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

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

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

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

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

37 NEW SECTION. **Sec. 4.** (1) On August 1st of each calendar year,
38 starting on August 1, 2027, the amount of \$10,000,000 from the

1 Washington advanced college tuition payment program account created
2 in RCW 28B.95.060 must be used for recipient grant awards under the
3 scholarship as outlined in this section. Of the amount provided from
4 the Washington advanced college tuition payment program account
5 created in RCW 28B.95.060, annually no more than \$500,000 may be
6 utilized for administration costs. Funding under this section may
7 only be allocated if the actuarial funded status remains at or above
8 120 percent.

9 (2) The value of a grant award:

10 (a)(i) For students with a family income at or between 61 to 100
11 percent of the state median family income, adjusted for family size
12 as established and updated annually by the office, must supplant any
13 prorated award under the Washington college grant program created in
14 RCW 28B.92.200 and is the difference between the recipient's tuition
15 fees as defined in RCW 28B.15.020 and services and activities fees as
16 defined in RCW 28B.15.041, less the value of any state-funded grant,
17 including the college bound scholarship program established in
18 chapter 28B.118 RCW and any scholarship, gift aid, or waiver
19 assistance the recipient receives, for up to 90 credits to be earned
20 within three academic years; or

21 (ii) For students with a family income at or between 101 to 150
22 percent of the state median family income, adjusted for family size
23 as established and updated annually by the office, is the difference
24 between the recipient's tuition fees as defined in RCW 28B.15.020 and
25 services and activities fees as defined in RCW 28B.15.041, less the
26 value of any state-funded grant, scholarship, gift aid, or waiver
27 assistance the recipient receives, for up to 90 credits to be earned
28 within three academic years; and

29 (b) Includes student support and wraparound services, provided by
30 each community or technical college, to reduce or help to reduce
31 barriers that threaten completion of eligible degree or certificate
32 programs. Support and wraparound services under this section may be
33 provided no longer than the recipient receives benefits under the
34 scholarship.

35 NEW SECTION. **Sec. 5.** The early education scholarship account is
36 created in the custody of the state treasurer. The state treasurer
37 shall transfer \$10,000,000 annually, beginning August 1, 2027, from
38 the Washington advanced college tuition payment program account
39 created in RCW 28B.95.060 to the account. Expenditures from the

1 account may be used solely and exclusively for the supporting our
2 early education degree seekers scholarship established in section 3
3 of this act.

4 NEW SECTION. **Sec. 6.** The office may adopt, and revise as
5 necessary, rules to implement this chapter.

6 NEW SECTION. **Sec. 7.** (1) Any claim filed challenging the
7 validity of this act not filed before July 31, 2028, is forever
8 barred, if not already barred by an otherwise applicable statute of
9 limitations. By the effective date of this section, the council shall
10 send a notification to include the provisions of RCW 28B.95.040 and
11 the provisions of this act, and specifically of the limitations of
12 this section, by first-class mail, to the last known address of each
13 owner of a current tuition unit contract.

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

16 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act
17 constitute a new chapter in Title 28B RCW.

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

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

30 (3) The student achievement council shall report its findings to
31 the relevant committees of the legislature, in accordance with RCW
32 43.01.036, by October 18, 2029.

33 (4) This section expires December 1, 2029.

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