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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)

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

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

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

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

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

(b) Grants or loans ((~~of no more than $200,000 for minor renovations or repairs of existing early learning facilities or~~)) for predevelopment activities to advance a proposal from planning to major construction or renovation;

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

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

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

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

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

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

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

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

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

(3) The department of commerce and the office of the superintendent of public instruction must cooperate and coordinate regarding the department of commerce's grant application and selection process.

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

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

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

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

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

(a) Early childhood education and assistance program providers;

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

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

(d) Developers of housing and community facilities;

(e) Community and technical colleges;

(f) Educational service districts;

(g) Local governments;

(h) Federally recognized tribes in the state; and

(i) Religiously affiliated entities.

(2) To be eligible to receive funding from the early learning facilities grant and loan program for activities described in RCW 43.31.577 (1) (b), (c), and ((~~(c)~~)) (d) and (2), eligible organizations and school districts must:

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

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

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

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

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

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

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

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

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

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

(2) Revenues to the early learning facilities revolving account shall consist of appropriations by the legislature, early learning facilities grant and loan repayments, taxable bond proceeds, and all other sources deposited in the account.

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

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

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

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

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

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

(1) The common school construction fund is to be used exclusively for the purpose of financing the construction of facilities for the common schools. The sources of said fund shall be: ((~~(1)~~)) (a) Those proceeds derived from sale or appropriation of timber and other crops from school and state land other than those granted for specific purposes; ((~~(2)~~)) (b) the interest accruing on the permanent common school fund less the allocations to the state treasurer's service fund pursuant to RCW 43.08.190 and the state investment board expense account pursuant to RCW 43.33A.160 together with all rentals and other revenue derived therefrom and from land and other property devoted to the permanent common school fund; ((~~(3)~~)) (c) all moneys received by the state from the United States under the provisions of section 191, Title 30, United States Code, Annotated, and under section 810, chapter 12, Title 16, (Conservation), United States Code, Annotated, except moneys received before June 30, 2001, and when thirty megawatts of geothermal power is certified as commercially available by the receiving utilities and the department of commerce, eighty percent of such moneys, under the geothermal steam act of 1970 pursuant to RCW 43.140.030; and ((~~(4)~~)) (d) such other sources as the legislature may direct. That portion of the common school construction fund derived from interest on the permanent common school fund may be used to retire such bonds as may be authorized by law for the purpose of financing the construction of facilities for the common schools.

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

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

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

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

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

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