

# SENATE BILL REPORT

## SHB 2195

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As of February 22, 2024

**Title:** 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.

**Brief Description:** 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.

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

**Brief History:** Passed House: 2/13/24, 58-39.

**Committee Activity:** Early Learning & K-12 Education: 2/19/24 [w/oRec-WM, DNP].  
Ways & Means: 2/22/24.

### Brief Summary of Bill

- Removes the grant and loan award limits within the Early Learning Facilities (ELF) program.
- Prioritizes applications for ELF construction, renovation, purchase, or repair grants or loans to facilities that are ready for construction.
- Adds facilities owned by school districts in which preschool or before-and-after school care programs are operated by school districts or their contractor as an eligible use of the Common School Construction Fund (CSCF).
- Authorizes transfers and appropriations from the CSCF to the Ruth LeCocq Kagi ELF Development Account for purposes of funding school district facilities serving preschool or before-and-after school care programs.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

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## SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Wendy Brown (786-7359)

**Background:** Early Learning Facilities Program. The Department of Commerce (Commerce) administers the Early Learning Facilities (ELF) program, which provides grants and loans to eligible organizations to plan, renovate, purchase, and construct early learning facilities. Eligible organizations include providers of Working Connections Child Care (WCCC), Early Childhood Education and Assistance Program (ECEAP) contractors, developers of housing and community facilities, community and technical colleges, educational service districts, local governments, federally recognized tribes, and religiously affiliated entities. In the 2023-25 biennium, grants and loans are limited to the following amounts: \$21,605 for facility predesign, feasibility planning, and project development; \$216,052 for minor renovation or repairs of existing early learning facilities; and \$2.5 million to create, purchase, or expand early learning facilities. School districts may also receive grants or loans to purchase, construct, or renovate early learning classrooms up to \$1 million.

Generally, state funding for capital projects is to be disbursed in proportion to nonstate matching funds. For the last two fiscal biennia, state capital budgets have authorized early learning facilities collocated with affordable or supporting housing developments to receive reimbursement for state ELF awards regardless of the proportionate share of nonstate funding.

The ELF program is funded from the Ruth LeCocq Kagi ELF Revolving Account and the Ruth LeCocq Kagi ELF Development Account.

Common School Construction Fund. The Common School Construction Fund (CSFC) may be used exclusively for financing construction of facilities for common schools. The revenue sources for CSFC include the sale or appropriation of timber and other crops from school and state land, rentals and other revenue derived from land and other property devoted to CSFC, federal grants, and investment earnings.

In addition, an annual state capital gains tax is imposed on the sale or other voluntary exchange of long-term capital assets by individuals. Each fiscal year, the first \$500 million collected in capital gains tax revenue is distributed to the Education Legacy Trust Account (ELTA), which may be used for kindergarten through grade 12, early learning, higher education, and other educational improvement purposes. The \$500 million is adjusted annually for inflation and then the remainder is deposited into CSFC.

**Summary of Bill:** Early Learning Facilities Program. ELF program grant or loan limits are removed effective July 1, 2025. Grant or loan awards for ELF construction, renovation, purchase, or repair grants are prioritized to facilities that are ready for construction. Translation services are added as an eligible administrative cost. ELF program facilities

collocated with housing developments are allowed to receive state funding for up to 90 percent of the project cost, regardless of the proportionate match amount. The department may adopt rules, instead of must adopt rules, to implement the ELF program.

Common School Construction Fund. For CSCF purposes, the term 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 statutorily authorized. The ELF Development Account is authorized to receive transfers and appropriations from CSCF for purposes of funding school district facilities serving preschool or before-and-after school care programs.

A severability clause is added.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill contains several effective dates. Please refer to the bill.

**Staff Summary of Public Testimony:** PRO: The Legislature has made a commitment to serve all children who qualify for the early childhood education and assistance program (ECEAP), and one of the primary obstacles to meeting this commitment is the lack of facilities. ECEAP facilities need help to renovate and expand existing facilities and develop new ones. SHB 2195 makes important improvements to facilitate partnerships with affordable housing and to reduce financing costs.

The Early Learning Facilities fund has effectively responded to urgent needs in the community. Since its inception in 2017, the program has created or maintained over 17,000 early learning slots and has leveraged more than \$270 million in non-state resources. However, the need significantly still outweighs the demand. SHB 2195 makes several important policy changes such as making early learning projects co-located with affordable housing more cost effective, permanently allowing the minor renovations grant program, and adding translation services as an eligible use of administrative funds. Support for this bill will result in the creation of more early learning opportunities in Washington.

**Persons Testifying:** PRO: Melissa Johnson, Washington State Association of Head Start & ECEAP; Genevieve Stokes, Child Care Aware of Washington.

**Persons Signed In To Testify But Not Testifying:** No one.