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**SENATE BILL 5297**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Senators Trudeau, Torres, Dozier, Frame, Nobles, and Riccelli

AN ACT Relating to the early learning facilities grant and loan program; amending RCW 43.31.565, 43.31.569, 43.31.571, 43.31.573, 43.31.575, 43.31.577, 43.31.579, and 43.31.581; adding a new section to chapter 43.31 RCW; and repealing RCW 43.31.567.

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

**Sec.**  RCW 43.31.565 and 2021 c 130 s 4 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout RCW ((~~43.31.567~~)) 43.31.569 through 43.31.583:

(1) "Department" means the department of commerce.

(2) "Director" means the director of commerce.

(3) "Early learning facility" means a facility providing regularly scheduled care for a group of children one month of age through ((~~twelve~~)) 12 years of age for periods of less than ((~~twenty-four~~)) 24 hours.

(4) "Tribal compact school" means a state-tribal education compact school subject to chapter 28A.715 RCW.

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

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

((~~(2)~~)) (b) 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)~~)) (c) Expenditures from the account shall be used, in combination with other private and public funding, for: (i) 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; and (ii) emergency grants for eligible organizations.

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

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

(2)(a) The early learning facilities development account is created in the state treasury.

(b) Revenues to the early learning facilities development account shall consist of tax exempt bond proceeds.

((~~(4)~~)) (c) Expenditures from the account((~~s~~)) 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)~~)) (d) Expenditures from the account((~~s~~)) 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)~~)) (e) The early learning facilities development account shall be known as the Ruth LeCocq Kagi early learning facilities development account.

**Sec.**  RCW 43.31.571 and 2018 c 58 s 5 are each amended to read as follows:

(1) The department, in consultation with the department of children, youth, and families, shall oversee the early learning facilities revolving account and the early learning facilities development account, and is the lead state agency for the early learning facilities grant and loan program.

(2) It is the intent of the legislature that state funds invested in the accounts be matched by private or local government funding whenever feasible. Every effort ((~~shall~~)) may be made to maximize funding available for early learning facilities from public schools, community colleges, educational service districts, local governments, and private funders.

(3) Amounts used for program administration by the department may not exceed an average of four percent of the appropriated funds.

(4) ((~~Commitment of state funds for construction, purchase, or renovation of early learning facilities may be given only after private or public match funds are committed~~)) The department is encouraged to leverage private and public match funds when feasible and may not require match funds for applicants experiencing financial hardship. The department may not consider the level of project match funds as a competitive criterion when selecting or recommending projects for funding. Private or public match funds may consist of cash, equipment, land, buildings, or like-kind. ((~~In determining the level of match required, the department shall take into consideration the financial need of the applicant and the economic conditions of the location of the proposed facility.~~))

**Sec.**  RCW 43.31.573 and 2017 3rd sp.s. c 12 s 6 are each amended to read as follows:

(1) The department must expend moneys from the early learning facilities revolving account ((~~to~~)): (a) To provide state matching funds for early learning facilities grants or loans to provide classrooms necessary for children to participate in the early childhood education and assistance program and working connections child care; and (b) for emergency grants for eligible organizations as identified in this chapter.

(2) The department must expend moneys from the early learning facilities development account ((~~to provide state matching funds~~)) for early learning facilities grants to provide classrooms necessary for children to participate in the early childhood education and assistance program and working connections child care.

(3) Funds expended from the accounts as specified in subsections (1) and (2) of this section may fund projects only for:

(a) Eligible organizations identified in RCW 43.31.575; ((~~and~~))

(b) School districts; and

(c) Tribal compact schools.

(4)((~~(a) Beginning August 1, 2017, the~~)) The department shall:

((~~(i)~~)) (a) In consultation with the office of the superintendent of public instruction, implement and administer the early learning facilities grant and loan program for school districts and tribal compact schools as described in RCW 43.31.579(3) and 43.31.581(1); and

((~~(ii)~~)) (b) Contract with one or more nongovernmental private-public partnerships that are certified by the community development financial institutions fund to ((~~implement~~)): (i) Implement and administer grants and loans funded through the early learning facilities revolving account or for a grant funded through the early learning facilities development account, for eligible organizations; and (ii) subject to the availability of amounts appropriated for this specific purpose, award and administer emergency project grants on an ongoing basis to eligible organizations.

(A) Emergency projects are projects that are made necessary by a natural disaster or another immediate health or safety threat resulting from unforeseen circumstances. Emergency projects may include the construction, repair, reconstruction, replacement, rehabilitation, or other improvements to early learning facilities that are necessary to restore a safe and healthy early learning environment, preserve existing capacity, or to mitigate situations that obstruct children's access to early learning.

(B) The grant administrator must adopt policies and procedures to ensure that funding from emergency grants does not duplicate payments resulting from insurance proceeds or other payment from any other source. The grant administrator may receive administrative costs associated with conducting application processes, managing contracts, and providing technical assistance for emergency project grants.

(5) Any nongovernmental private-public partnership that is certified by the community development financial institutions fund that is seeking early learning fund resources must demonstrate an ability to raise funding from private and other public entities for early learning facilities construction projects.

((~~(b)~~)) (6) The department may allow the application of an eligible organization for a grant or loan from the early learning facilities revolving account or for a grant from the early learning facilities development account created in RCW 43.31.569 to be considered without the involvement of the nongovernmental private-public partnership that is certified by the community development financial institutions fund if a nongovernmental private-public partnership certified by the community development financial institutions fund is not reasonably available to the location of the proposed facility or if the eligible organization has sufficient ability and capacity to proceed with a project absent the involvement of a nongovernmental private-public partnership that is certified by the community development financial institutions fund.

((~~(5)~~)) (7) The department shall monitor performance of the early learning facilities grant and loan program. Any nongovernmental private-public partnership that is certified by the community development financial institutions fund receiving state funds for purposes of ((~~chapter 12, Laws of 2017 3rd sp. sess. shall provide annual reports, beginning July 1, 2018~~)) this section and RCW 43.31.577 and 43.31.579, shall provide reports by July 1st of each year, to the department. The reports must include, but are not limited to, the following:

(a) A list of projects funded through the early learning facilities grant and loan program for eligible organizations to include:

(i) Name;

(ii) Location;

(iii) Grant or loan amount;

(iv) Private match amount;

(v) Public match amount;

(vi) Number of early learners served; and

(vii) Other elements as required by the department;

(b) A demonstration of sufficient investment of private match funds; and

(c) A description of how the projects met the criteria described in RCW 43.31.581.

**Sec.**  RCW 43.31.575 and 2024 c 230 s 3 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 (d) and (2), eligible organizations ((~~and~~)), school districts, and tribal compact schools 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~~)) 10 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~~)) 10 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 (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, may adopt rules to implement this section.~~))

**Sec.**  RCW 43.31.577 and 2024 c 230 s 1 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 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 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 to create or expand early learning facilities, including those that increase early childhood education and assistance program capacity by supporting conversion of slots from part day to full day or extended day, or conversion of full day to extended day, as defined in RCW 43.216.010; ((~~and~~))

(e) Emergency project grants as provided in RCW 43.31.573; and

(f) 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 and tribal compact schools include major construction, purchase, and renovation grants or loans to create or expand early learning facilities that received priority and ranking as described in RCW 43.31.581.

**Sec.**  RCW 43.31.579 and 2017 3rd sp.s. c 12 s 9 are each amended to read as follows:

(1) It is the intent of the legislature that state funds invested in the early learning facilities grant and loan program be matched by private or local government funding whenever feasible. Every effort ((~~shall~~)) may be made to maximize funding available for early learning facilities from public schools, community colleges, ((~~education[al]~~)) educational service districts, local governments, and private funders.

(2) In the administration of the early learning facilities grant and loan program for eligible organizations, any nongovernmental private-public partnership that is certified by the community development financial institutions fund contracted with the department shall award grants or loans as described in RCW 43.31.577 and 43.31.573, that meet the criteria described in RCW 43.31.581 or 43.31.573, through an application process or in compliance with state and federal requirements of the funding source.

(3) In the administration of the early learning facilities grant and loan program for school districts and tribal compact schools, the department, in coordination with the office of the superintendent of public instruction, shall submit a ranked and prioritized list of proposed purchases and major construction or renovation of early learning facilities projects for school districts and tribal compact schools subject to the prioritization methodology described in RCW 43.31.581 to the office of financial management and the relevant legislative committees by ((~~December 15, 2017, and by~~)) September 15th of even-numbered years ((~~thereafter~~)).

**Sec.**  RCW 43.31.581 and 2018 c 58 s 17 are each amended to read as follows:

(1) The department shall convene a committee of early learning facilities experts to advise the department regarding the prioritization methodology of applications for projects described in RCW 43.31.577 including no less than one representative each from the department of children, youth, and families, the Washington state housing finance commission, an organization certified by the community development financial institutions fund, and the office of the superintendent of public instruction.

(2) When developing a prioritization methodology under this section, the committee shall consider, but is not limited to:

(a) Projects that add ((~~part-day, full-day, or extended day~~)) early childhood education and assistance program slots in areas with the highest unmet need or increase capacity by supporting conversion of slots from part day to full day or extended day, or conversion of full day to extended day, as defined in RCW 43.216.010;

(b) Projects benefiting low-income children;

(c) Projects located in low-income neighborhoods;

(d) Projects that provide more access to the early childhood education and assistance program as a ratio of the children eligible to participate in the program;

(e) Projects that are geographically disbursed relative to statewide need;

(f) Projects that include new or renovated kitchen facilities equipped to support the use of from scratch, modified scratch, or other cooking methods that enhance overall student nutrition; and

(g) Projects that balance mixed-use development and rural locations((~~; and~~

~~(h) Projects that maximize resources available from the state with funding from other public and private organizations, including the use of state lands or facilities~~)).

(3) Committee members shall serve without compensation, but may request reimbursement for travel expenses as provided in RCW 43.03.050 and 43.03.060.

(4) Committee members are not liable to the state, the early learning facilities revolving account, the early learning facilities development account, or to any other person, as a result of their activities, whether ministerial or discretionary, as members except for willful dishonesty or intentional violation of the law.

(5) The department may purchase liability insurance for members and may indemnify these persons against the claims of others.

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

The department may adopt rules to implement RCW 43.31.565 through 43.31.583.

NEW SECTION. **Sec.**  RCW 43.31.567 (Early learning facilities grant and loan program—Review of existing licensing standards by department of early learning—Preapproval under existing licensing standards) and 2017 3rd sp.s. c 12 s 2 are each repealed.

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