

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1314

Chapter 21, Laws of 2025

69th Legislature
2025 Regular Session

EARLY LEARNING FACILITIES GRANT AND LOAN PROGRAM—MODIFICATION

EFFECTIVE DATE: July 27, 2025

Passed by the House March 5, 2025
Yeas 97 Nays 0

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate March 26, 2025
Yeas 49 Nays 0

DENNY HECK

President of the Senate

Approved April 7, 2025 11:19 AM

BOB FERGUSON

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1314** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

April 7, 2025

**Secretary of State
State of Washington**

HOUSE BILL 1314

Passed Legislature - 2025 Regular Session

State of Washington

69th Legislature

2025 Regular Session

By Representatives Callan, Abbarno, Fosse, Davis, Waters, Reed, Salahuddin, Tharinger, Nance, Eslick, and Doglio

Read first time 01/15/25. Referred to Committee on Capital Budget.

1 AN ACT Relating to the early learning facilities grant and loan
2 program; amending RCW 43.31.565, 43.31.569, 43.31.571, 43.31.573,
3 43.31.575, 43.31.577, 43.31.579, and 43.31.581; adding a new section
4 to chapter 43.31 RCW; and repealing RCW 43.31.567.

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

6 **Sec. 1.** RCW 43.31.565 and 2021 c 130 s 4 are each amended to
7 read as follows:

8 Unless the context clearly requires otherwise, the definitions in
9 this section apply throughout RCW ((43.31.567)) 43.31.569 through
10 43.31.583:

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

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

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

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

19 **Sec. 2.** RCW 43.31.569 and 2021 c 130 s 3 are each amended to
20 read as follows:

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

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

8 ~~((+3))~~ (c) Expenditures from the account shall be used, in
9 combination with other private and public funding, for: (i) State
10 matching funds for the planning, renovation, purchase, and
11 construction of early learning facilities as established in RCW
12 43.31.573 through 43.31.583 and 43.84.092; and (ii) emergency grants
13 for eligible organizations.

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

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

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

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

23 ~~((+4))~~ (c) Expenditures from the account~~((s))~~ shall be used~~((7~~
24 ~~in combination with other private and public funding, for state~~
25 ~~matching funds))~~ for the planning, renovation, purchase, and
26 construction of early learning facilities as established in RCW
27 43.31.573 through 43.31.583 and 43.84.092.

28 ~~((+5))~~ (d) Expenditures from the account~~((s))~~ are subject to
29 appropriation and the allotment provisions of chapter 43.88 RCW.

30 ~~((+6) The early learning facilities revolving account shall be~~
31 ~~known as the Ruth LeCocq Kagi early learning facilities revolving~~
32 ~~account.~~

33 ~~(+7))~~ (e) The early learning facilities development account shall
34 be known as the Ruth LeCocq Kagi early learning facilities
35 development account.

36 **Sec. 3.** RCW 43.31.571 and 2018 c 58 s 5 are each amended to read
37 as follows:

38 (1) The department, in consultation with the department of
39 children, youth, and families, shall oversee the early learning

1 facilities revolving account and the early learning facilities
2 development account, and is the lead state agency for the early
3 learning facilities grant and loan program.

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

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

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

24 **Sec. 4.** RCW 43.31.573 and 2017 3rd sp.s. c 12 s 6 are each
25 amended to read as follows:

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

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

38 (3) Funds expended from the accounts as specified in subsections
39 (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

1 facilities development account created in RCW 43.31.569 to be
2 considered without the involvement of the nongovernmental private-
3 public partnership that is certified by the community development
4 financial institutions fund if a nongovernmental private-public
5 partnership certified by the community development financial
6 institutions fund is not reasonably available to the location of the
7 proposed facility or if the eligible organization has sufficient
8 ability and capacity to proceed with a project absent the involvement
9 of a nongovernmental private-public partnership that is certified by
10 the community development financial institutions fund.

11 ~~((45))~~ (7) The department shall monitor performance of the early
12 learning facilities grant and loan program. Any nongovernmental
13 private-public partnership that is certified by the community
14 development financial institutions fund receiving state funds for
15 purposes of ~~((chapter 12, Laws of 2017 3rd sp. sess. shall provide~~
16 ~~annual reports, beginning July 1, 2018))~~ this section and RCW
17 43.31.577 and 43.31.579, shall provide reports by July 1st of each
18 year, to the department. The reports must include, but are not
19 limited to, the following:

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

23 (i) Name;

24 (ii) Location;

25 (iii) Grant or loan amount;

26 (iv) Private match amount;

27 (v) Public match amount;

28 (vi) Number of early learners served; and

29 (vii) Other elements as required by the department;

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

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

34 **Sec. 5.** RCW 43.31.575 and 2024 c 230 s 3 are each amended to
35 read as follows:

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

38 (a) Early childhood education and assistance program providers;

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

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

6 (d) Developers of housing and community facilities;

7 (e) Community and technical colleges;

8 (f) Educational service districts;

9 (g) Local governments;

10 (h) Federally recognized tribes in the state; and

11 (i) Religiously affiliated entities.

12 (2) To be eligible to receive funding from the early learning
13 facilities grant and loan program for activities described in RCW
14 43.31.577 (1) (b), (c), and (d) and (2), eligible organizations
15 (~~and~~), school districts, and tribal compact schools must:

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

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

20 (i) Demonstrate that the project site is under the applicant's
21 control for a minimum of (~~ten~~) 10 years, either through ownership
22 or a long-term lease; and

23 (ii) Commit to using the facility funded by the grant or loan for
24 the purposes of providing preschool or child care for a minimum of
25 (~~ten~~) 10 years.

26 (3) To be eligible to receive funding from the early learning
27 facilities grant and loan program for activities described in RCW
28 43.31.577 (1) (b), (c), and (d) and (2), religiously affiliated
29 entities must use the facility to provide child care and education
30 services consistent with subsection (4)(a) of this section.

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

34 (b) If the recipient does not meet the conditions specified in
35 (a) of this subsection, the grants shall be repaid to the early
36 learning facilities revolving account or the early learning
37 facilities development account, as directed by the department. So
38 long as an eligible organization continues to provide an early
39 learning program in the facility, the facility is used as authorized,
40 and the eligible organization continues to be an active participant

1 and in good standing with the early achievers program, the grant
2 repayment is waived.

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

6 **Sec. 6.** RCW 43.31.577 and 2024 c 230 s 1 are each amended to
7 read as follows:

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

10 (a) Facility predesign grants or loans to allow eligible
11 organizations to secure professional services or consult with
12 organizations certified by the community development financial
13 institutions fund to plan for and assess the feasibility of early
14 learning facilities projects or receive other technical assistance to
15 design and develop projects for construction funding;

16 (b) Grants or loans for predevelopment activities to advance a
17 proposal from planning to major construction or renovation;

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

20 (d) Major construction and renovation grants or loans and grants
21 or loans for facility purchases to create or expand early learning
22 facilities, including those that increase early childhood education
23 and assistance program capacity by supporting conversion of slots
24 from part day to full day or extended day, or conversion of full day
25 to extended day, as defined in RCW 43.216.010; ((and))

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

27 (f) Administration costs associated with conducting application
28 processes, managing contracts, translation services, and providing
29 technical assistance.

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

33 (3) Activities eligible for funding through the early learning
34 facilities grant and loan program for school districts and tribal
35 compact schools include major construction, purchase, and renovation
36 grants or loans to create or expand early learning facilities that
37 received priority and ranking as described in RCW 43.31.581.

1 **Sec. 7.** RCW 43.31.579 and 2017 3rd sp.s. c 12 s 9 are each
2 amended to read as follows:

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

10 (2) In the administration of the early learning facilities grant
11 and loan program for eligible organizations, any nongovernmental
12 private-public partnership that is certified by the community
13 development financial institutions fund contracted with the
14 department shall award grants or loans as described in RCW 43.31.577
15 and 43.31.573, that meet the criteria described in RCW 43.31.581 or
16 43.31.573, through an application process or in compliance with state
17 and federal requirements of the funding source.

18 (3) In the administration of the early learning facilities grant
19 and loan program for school districts and tribal compact schools, the
20 department, in coordination with the office of the superintendent of
21 public instruction, shall submit a ranked and prioritized list of
22 proposed purchases and major construction or renovation of early
23 learning facilities projects for school districts and tribal compact
24 schools subject to the prioritization methodology described in RCW
25 43.31.581 to the office of financial management and the relevant
26 legislative committees by ~~((December 15, 2017, and by))~~ September
27 15th of even-numbered years ~~((thereafter))~~.

28 **Sec. 8.** RCW 43.31.581 and 2018 c 58 s 17 are each amended to
29 read as follows:

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

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

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

6 (b) Projects benefiting low-income children;

7 (c) Projects located in low-income neighborhoods;

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

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

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

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

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

21 (3) Committee members shall serve without compensation, but may
22 request reimbursement for travel expenses as provided in RCW
23 43.03.050 and 43.03.060.

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

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

31 NEW SECTION. Sec. 9. A new section is added to chapter 43.31
32 RCW to read as follows:

33 The department may adopt rules to implement RCW 43.31.565 through
34 43.31.583.

35 NEW SECTION. Sec. 10. RCW 43.31.567 (Early learning facilities
36 grant and loan program—Review of existing licensing standards by
37 department of early learning—Preapproval under existing licensing
38 standards) and 2017 3rd sp.s. c 12 s 2 are each repealed.

Passed by the House March 5, 2025.
Passed by the Senate March 26, 2025.
Approved by the Governor April 7, 2025.
Filed in Office of Secretary of State April 7, 2025.

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