

350 - Superintendent of Public Instruction
Capital Project Request

2025-27 Biennium

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Version: C1 2025-27 Capital Budget

Report Number: CBS002

Date Run: 9/12/2024 4:20PM

Project Number: 40000150

Project Title: 2025-27 Small District and STEC Schools Modernization Program

Description

Starting Fiscal Year: 2026

Project Class: Grant

Agency Priority: 3

Project Summary

Superintendent Reykdal requests \$333.3 million to support the Small District Modernization Grant Program within the School Construction Assistance Program (SCAP) authorized by the Legislature with the passage of Senate Bill 5572 (Chapter 299, Laws of 2020). The Small District Modernization Grant Program helps school districts with fewer than 1,000 students and state tribal compact schools (STECs) modernize their aging school facilities. The Superintendent proposes to use a combination of common school trust land revenue and to finance the small school district projects requested.

Project Description

The Small District and State Tribal Compact Schools Modernization Program was codified under SSSB 5572 during the 2020 session to provide competitive grants to small school districts and tribal compact schools with significant building systems deficiencies, and with such low property values that replacing or modernizing the school facility through SCAP would present an extraordinary tax burden on property owners or would exceed allowable debt for the district.

During the 2023-25 biennial budget, \$1.5 million in planning grants, \$81.4 million in construction grants, and \$12.1 million for STECs were awarded. An additional \$811,000 in planning and \$110.3 million in construction grants was awarded during the 2024 supplemental session. The planning grants have been awarded to 72 school districts and construction grants have been awarded to 57 public school districts and 6 STECs.

OSPI collaborated with the Small District Modernization Grant Advisory Committee (composed of district stakeholders) to develop a prioritized list of proposed projects for the 2025-27 biennium. Funding this proposal will allow OSPI to continue offering planning grants and facility modernizations to school districts and STECs statewide. Modernization grants will be allocated as determined by the Small District Modernization Grant Advisory Committee.

Small School District Funding Request

OSPI requests \$302.3 million to complete all construction projects that have already been awarded planning grants in the previous biennia. Additionally, OSPI requests \$3.6 million to offer planning grants to a total of 113 districts. The planning grants will provide the required information necessary to create the prioritized list of projects for the 2027-29 biennial Capital Budget. See Appendix A for the list of prioritized construction projects and Appendix B for a list of school districts requesting planning grants.

State Tribal Compact Schools Funding Request

OSPI requests \$27.4 million to provide planning and construction grant funding to the STECs listed in Appendix C. This request would fund the planning and construction grants for STECs.

Small School District Grant Financing

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To remedy this inequity, Superintendent Reykdal proposes financing all small district modernization grants with revenue generated from the common school trust lands.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements or other backup necessary to understand the need for the request. For preservation projects, it is helpful to include information about the current condition of the facility or system.

While the School Construction Assistance Program has served the needs of many school districts, the program distributes state trust land revenue inequitably, benefiting property-wealthy school districts while failing to provide solutions for our small school districts that cannot pass a capital levy or bond. The Small District Modernization Program would allow small and rural school districts that cannot participate in SCAP to access revenue generated by the common school trust lands, regardless of the district's ability to pass a capital bond or levy.

What will the request produce or construct (i.e., predesign or design of a building, construction of additional space, etc. When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request. Please provide detailed cost backup.

The Small District Modernization Grant Program would fund building system replacement and repairs for districts identified as having significant building system deficiencies and having such low property values that replacing or modernizing the school facility through SCAP would present an extraordinary tax burden on property owners or would exceed allowable debt for the district. The grant would also provide additional funding opportunities for tribal compact schools using state general obligation bonds.

How would the request address the problem or opportunity identified by your proposed project? What would be the result of not taking action?

Many school districts are constrained by the amount of local funds they can raise due to insufficient debt limit bond capacity versus the costs to modernize the school buildings. Other school districts are limited due to the 60% supermajority vote required to pass construction bonds. In all cases, these districts are unable to participate in SCAP since they cannot contribute significant local funds for a modernization project. The Small District Modernization Grant Program would fund building system replacement and repairs for districts identified as having significant building system deficiencies and having such low property values that replacing or modernizing the school facility through SCAP would present an extraordinary tax burden on property owners or would exceed allowable debt for the district. The grant would also provide funding opportunities for tribal compact schools.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

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Alternatives include allowing districts that cannot pass a bond or levy to participate in the SCAP program or making direct appropriations to school districts via the capital budget. The Small District Modernization Grant Program provides an established process for districts to pursue capital funding based on severity of need.

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc.

The Small District Modernization Grant program provides funding to small school districts (with fewer than 1,000 students) and state tribal compact schools to replace critical building systems and preserve existing school infrastructure.

Does this project or program leverage non-state funding? If yes, how much by source? If the other funding source requires cost share, also include the minimum state (or other) share of project cost allowable and the supporting citation or documentation.

Non-state funds will not be used to complete the projects.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This project supports Superintendent Reykdal's K-12 Education Vision of his goal for Washington's public education system to prepare every student who walks through our school doors for post-secondary aspirations, careers, and life.

Does this decision package include funding for any Information Technology related costs including hardware, software (to include cloud-based services), contracts or staff? If the answer is yes, you will be prompted to attach a complete IT addendum. (See Chapter 10 of the operating budget instructions for additional requirements.)

N.A.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14 (Puget Sound Recovery and Governor's Salmon Strategy) in the 2025-27 Operating Budget Instructions.

N.A.

How is your proposal impacting equity in the state? Which communities are impacted by this proposal? Include both demographic and geographic communities. How are disparities in communities impacted?

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The Small District Modernization Grant Program would fund building system replacement and repairs for districts identified as having significant building system deficiencies and having such low property values that replacing or modernizing the school facility through SCAP would present an extraordinary tax burden on property owners or would exceed allowable debt for the district. The grant would also provide funding opportunities for tribal compact schools.

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, clean buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate. For buildings subject to the clean buildings performance standards, describe your compliance pathway for the building, and include information about energy audits, metering, and energy benchmarking

The projects will meet Office of Superintendent of Public Instruction’s Washington Sustainable Schools Protocol.

Is this project eligible for Direct Pay? If the answer is yes, you must include this project to the list of direct pay projects and information for submittal (see Chapter 1.7 of the capital budget instructions for additional instructions).
N.A.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Remodel/Renovate/Modernize (Major Projects)

Grant Recipient Organization: Local School Districts and State Tribal Education Compact Schools (STECS)

RCW that establishes grant: 28A.525

Application process used

OSPI will continue to offer a competitive grant funding process to ensure all small school districts and STECS have an opportunity to apply for grant funds.

Growth Management impacts

School districts are responsible for determining whether and how they need to participate in the planning process with the city or county planning authority.

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2025-27 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	192,711,000				192,711,000
113-1	Common School Constr-State	540,584,000				140,584,000
	Total	733,295,000	0	0	0	333,295,000

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Funding

		Future Fiscal Periods			
		2027-29	2029-31	2031-33	2033-35
057-1	State Bldg Constr-State				
113-1	Common School Constr-State	100,000,000	100,000,000	100,000,000	100,000,000
Total		100,000,000	100,000,000	100,000,000	100,000,000

Operating Impacts

Total one time start up and ongoing operating costs

Narrative

This program will not have any impact on the operating budget.

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<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2025-27	2025-27
Agency	350	350
Version	C1-A	C1-A
Project Classification	*	All Project Classifications
Capital Project Number	40000150	40000150
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes
For Word or Excel	N	N
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids