

# OSPI 2026 Post Session Review

March 31, 2026



Washington Office of Superintendent of  
**PUBLIC INSTRUCTION**

## Vision

*All students prepared for post-secondary pathways, careers, and civic engagement.*

## Mission

Transform K–12 education to a system that is centered on closing opportunity gaps and is characterized by high expectations for all students and educators. We achieve this by developing equity-based policies and supports that empower educators, families, and communities.

## Values

- Ensuring Equity
- Collaboration and Service
- Achieving Excellence through Continuous Improvement
- Focus on the Whole Child



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# Equity Statement

Each student, family, and community possesses strengths and cultural knowledge that benefits their peers, educators, and schools.

Ensuring educational equity:

- Goes beyond equality; it requires education leaders to examine the ways current policies and practices result in disparate outcomes for our students of color, students living in poverty, students receiving special education and English Learner services, students who identify as LGBTQ+, and highly mobile student populations.
- Requires education leaders to develop an understanding of historical contexts; engage students, families, and community representatives as partners in decision-making; and actively dismantle systemic barriers, replacing them with policies and practices that ensure all students have access to the instruction and support they need to succeed in our schools.



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# Reminders

- This webinar is being recorded. If you would like a copy of the recording, please email Carrie Hert at [carrie.hert@k12.wa.us](mailto:carrie.hert@k12.wa.us).
- OSPI did not filter or verify participants, it is being accessed by anyone who registered via the link publicly available.
- This PowerPoint is posted to the [SAFS Trainings and Presentations webpage](#).

# Disclaimer

- The following presentation represents OSPI's understanding of the budget and the status of the implementation of the budget today.
- Some of the material presented here may change before it becomes final.
- OSPI will keep the field informed as implementation rules or strategies evolve.
- We appreciate your patience through the implementation processes.

# Questions or Comments

- If you have a **question**, please use the chat/Q&A function. We will monitor questions as they come in and pause between segments to address them throughout.
- If your question does not get answered during the webinar, please email Carrie Hert at [carrie.hert@k12.wa.us](mailto:carrie.hert@k12.wa.us).

# High Level Overview

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Legislative Overview of K–12 Funding - 2026 Session

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Supplemental Budget (2025–26)

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Capital Budget

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Transitional Kindergarten

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Levy Equalization Funding

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Transportation Vehicle Changes

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Running Start

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OTHER (Sales Tax, Funding Equity Workgroup, Future Funding)

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# K–12 Funding Legislative Overview

- Over 250 fiscal notes were provided on K–12 Funding.
- Bills introduced in the session varied widely and most were crafted to limit state costs.
  - Most expensive (state cost) K–12 bill considered: Free School Meals
  - Most savings (local cost) K–12 bills considered: Sales Tax Exemptions
- Several bills focused on school district financial stability.
- No bills seriously considered that would address underlying funding needs of districts.
- State budget needs and tax on millionaires dominated the conversation while K–12 education receives policy level reductions.

# Supplemental Budget Impacts

- Levy Equalization Reduced by \$26.8 million (state fiscal year).
- Depreciation Reduced by \$25.8 million starting 2025–26.
- Transition to Kindergarten reduced to \$65.5 million for 2026–27.
- Running Start limit reduced to 1.3 FTE for 2026–27 and 2027–28.

# Capital Budget

# Small District and State Tribal Education Compact Schools Modernization Grant Program

## Small District and State Tribal Education Compact Grant Program \$71.11 Million

- Small School Planning Grants: \$0.27 million
  - Kittitas
  - Mabton
  - Napavine
  - Liberty
  - Washtucna
  - Mansfield
  - Goldendale
- Small District Construction Grants: \$70.83 million
  - Thorp
  - Green Mountain
  - Skykomish
  - Loon Lake
  - Easton
  - Evaline
  - Glenwood
  - Chimacum
  - North Beach
  - Goldendale
  - Palouse
  - Stevenson Carson



Lake Quinault K-12 School, Amanda Park.

# School Seismic Safety Program

## 2026 Supplemental Funding \$13.9 Million

- North Beach School District – Junior/Senior High Phase 3 Design - \$5.0 Million
- Hoquiam School District – K-6 Consolidation Phase 3 Design - \$8.9



Cape Flattery SD – Neah Bay K-12 Relocation – January 13, 2026

# Other Capital Funding

## Healthy Kids/Healthy Schools – Lead In Water Remediation Program \$2.5 Million

- Provides grant funding to districts for the replacement of lead-contaminated pipes and drinking water fixtures.

## Distressed Schools

- Seattle Public Schools - Whitworth Orca K-8 School Roof Replacement \$3.6 million
- Finley School District – HVAC Project \$1.5 Million
- Eatonville School District – Eatonville High School South and West Retaining Walls \$310,000

## SCAP Enhancement Project

- Pilot program to provide school facilities planning support to develop a capital replacement plan for the following schools.
- Garfield School District – Garfield Elementary/Middle School \$1.43 Million
- Wellpinit School District – Wellpinit Elementary School \$1.51 Million
- Wahkiakum School District – Julius Wendt Elementary School \$850,000



Siegel, M. (2019). A Seattle Public Schools administrator collects water for testing from a drinking fountain at Emerson Elementary School in South Seattle. The Seattle Times . Retrieved September 20, 2023, from <https://www.seattletimes.com/>.

# Current Open Grants

## **FP 251 – Indoor Air Quality Assessment for Districts Under 3,000 Students**

- This grant will pay for an indoor air quality assessment funded at 40 cents a square foot of assessed space. Grant contact Morgan Powell

## **FP 295 – Indoor Air Quality Assessment for Districts Over 3,000 Students**

- This grant will pay for an indoor air quality assessment funded at 40 cents a square foot of assessed space. Grant contact Morgan Powell

## **FP 286 – Small District Energy Assessment (Districts Under 1,000 Students)**

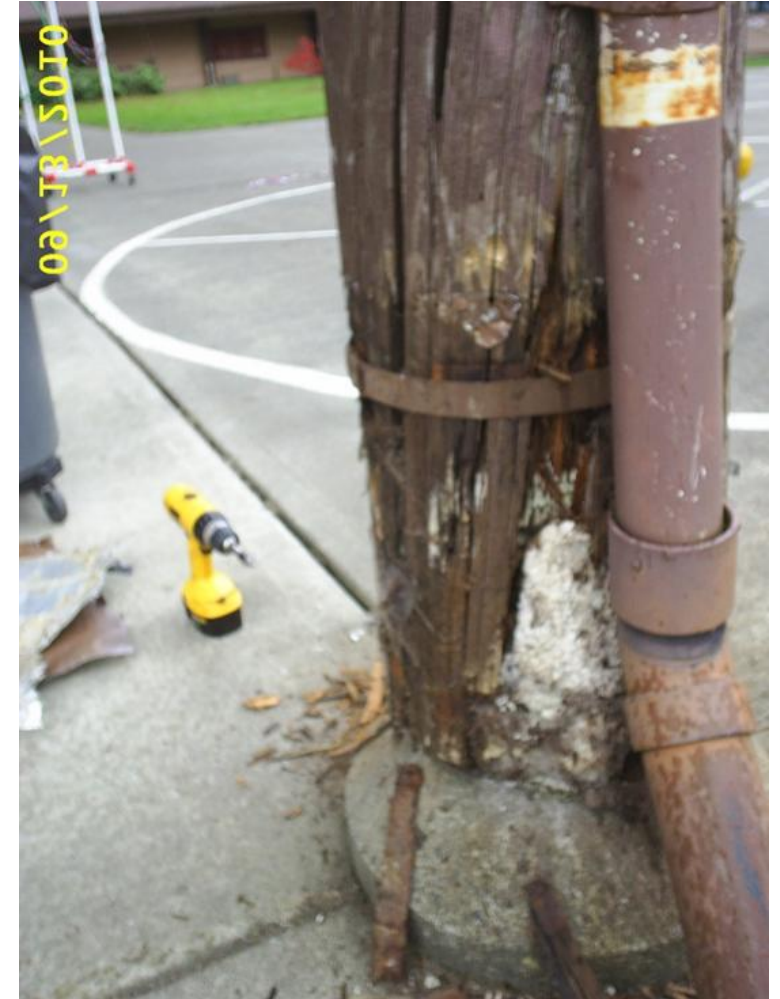
- This grant will pay for an ASHRAE Level 2 audit at 35 cents a square foot in preparation for Clean Buildings Performance Standard requirements. Grant contact Morgan Powell

## **FP 504 – Lead in Water Remediation (Open to All Districts)**

- This grant will pay for drinking water fixture replacement for any district that tests above 5 parts per billion for lead contamination. This grant can also pay for pipe replacement if testing shows the source of the lead is the pipes. Grant contact Morgan Powell

## **FP 509 – 2027-29 Small District Modernization (<1,000 Students) Planning Grant Request**

- This form package is open to small districts with 1,000 or less students to apply for funding in the 2027-29 biennium to receive a **NEW** planning grant to assist the district in developing a construction project to improve or replace aging building systems. The planning grant is limited to \$50,000 and the resulting construction project is limited to \$6.0 million. Please be aware there are some required documentation that will need to be submitted and read the instructions closely. Grant contact Scott Black.



Monroe – Emergency Repair Pool – Beam Replacement.

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# Transition to Kindergarten



# Transition to Kindergarten (TK) - Update



Funding reduced to total appropriation of \$65.5 million. This moves from 7,266 AAFTE funded to an estimated 5,000.

Allocations will be made to districts who have programs this year and will also be based on other factors including free and reduced price lunch eligibility.

Districts will receive an initial AAFTE allocation by April 15 and a survey on the District's intent to serve students. This must be returned by the due date to receive funding.

OSPI will review allocations in Summer 2026 and Winter 2026 to determine if allocations can be increased. Allocations may increase in Summer based on survey results (if districts choose to return unused "slots").

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# Levy Equalization Funding



# Levy Equalization Funding Impacts

- Reduced the maximum LEA by \$100 per student for the 2027 calendar year.
  - This is a \$47.4 million reduction for the 2027 calendar year
  - State fiscal year impact is \$26 million due to apportionment schedule
- The total dollar amounts for LEA each year change based on assessed valuation actual values in each district.
- OSPI and Legislature use DOR projections which may vary significantly from actuals. These had an impact on districts in 2026 – many district receive more, some receive less.

# Levy Equalization 2025–26 – Short Pay

- F-780 forms have been posted. Significant increase in LEA payable overall – but over 50 districts reduced.
- LEA funding appropriation authority short this year by \$18.5 million.
  - Full payment in April.
  - Partial Payment in May.
  - No payment in June.
  - “Makeup” payment in July.
- Schedule posted prior to April apportionment.

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# School Bus Depreciation

# School Bus Depreciation



Legislation requires OSPI to implement a depreciation schedule of 10 years or 15 years depending on the type of bus.



Historically, OSPI has used a five-year average bus cost for depreciation until the final year payment.



To comply with legislative intent and the budget, OSPI plans to use the base price plus tax for the next three school years for buses that would have received a final depreciation payment this year.



The impact will be a reduction of funding in what would have been the final year payment – but not as dramatic as using the current WAC formula.



OSPI will adopt emergency rules to implement this change.



A new estimate spreadsheet will be provided to districts by the end of April.



# D84D Final Depreciation Example

	2025-26 final 13 year	2027 thru 2028 15 year
8/31/2026	\$65,403.05	\$44,868.55
8/31/2027		\$10,913.78
8/31/2028		\$6,305.12

# Zero Emission School Bus Depreciation

- Zero emission school bus depreciation will be calculated using 33% of the low bid price for the corresponding bus category instead of using the five-year average, in addition to the change in lifetimes.
- Due to the changes, EV buses will receive \$0 for depreciation for this year unless purchased last year or this year.
  - Lower calculation price
  - Increase the lifecycle = reduced percent used
  - Results in negative payment, however OSPI will not deduct money from TVF account.

# Contractor Benefits

- Budget language states OSPI may distribute \$5M to districts that contract pupil transportation services in FY 27 to use towards increased benefit costs.
  - Supplemental benefit funding will be decided in June 2027 after all formula and grant obligations are met and if funds are available.

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# Running Start



# Running Start Changes

- Legislation reduces the overall FTE for running start from 1.4 AAFTE total combined to a 1.3 AAFTE for the 2026–27 and 2027–28 school year.
  - SB 6260 provides that if the Governor does not sign SB 6346 the running start FTE will be limited to 1.2 AAFTE, but OSPI does not believe that will happen.
- Within the next several weeks, OSPI and higher education partners will provide specific guidance on implementation for the next school year.

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# Other Topics

# Other Budget Impacts

- Several other changes have been made in the budget including:
  - The elimination of the cost-of-living adjustment to NBCT stipends beginning in 2026–27
  - A reduction to certain statewide programs (state grants) in 2026–27
- As OSPI knows the exact programs and district impacts from these budget changes, program staff will notify the districts in their normal communication methods.
- Section 501(4) Statewide Programs section was reduced by \$695,000.
  - Funding for High School and Beyond provided at \$1,834,000
  - Truancy funding provided at \$1,399,000
  - Decisions on distribution of the remaining funds by April 30

# Education Legacy – Biennial Funding

- Certain programs have more "Education Legacy" biennial appropriations.
- More certainty for state funding in the first year of each biennium
  - Special Education (1% funded through Education Legacy)
  - Basic Apportionment (about 13% funded through Education Legacy)
  - School Food Services (now 50% funded through Education Legacy)
- This allows the agency to use some funding that was planned for SFY 2027 expenditures in the 2026 year if necessary. This means that the Legislature would need to provide more funding in SFY 2027 during the second supplemental budget process next year.
- If 2027 session goes long or the legislature does not provide additional funding (if needed), OSPI may not have enough appropriation authority to make full payments at the end of the SFY 2027.
- OSPI will monitor the end of the 2027 state fiscal year and notify school districts if a potential short-pay situation appears likely.

# New Sales Taxes from 2026 SB 5814

- Department of Revenue is actively working on implementation guidance and will post information to their website as soon as it is available.
- No new guidance has been provided on current issues and DOR advises to rely on existing interim guidance until new information is provided.
- DOR has committed to releasing new guidance well before implementation dates in the new legislation, and OSPI will provide information to districts as soon as we are made aware that it is available.

# Legislative Funding Study – No New Money Again But Work Continues

- K–12 Funding Equity Workgroup
  - Analyze funding formulas and revenue sources.
  - Options for revising funding formulas that address system and resource inequities.
  - Options that address state, local, and regional needs.
  - Consider weighted student funding formula.
  - Options for state and local tax authority.
  - Metrics for monitoring and accountability.
- Membership: Educators, school and district administrators, labor unions, families, students, community partners, the Department of Revenue, and legislators.
- Final Report due October 2027.

# Final Thoughts – Aren't These Two Done Yet?

- Looking at LEA after 2026–27, eligibility is expected to be reduced significantly.
- Next year is a “rebase year” for regionalization.
- As costs and expectations continue to increase and funding is decreased or remains stagnant – the Superintendent continues to direct us to think about how the system could be improved to provide ample, equitable, and stable funding for all districts.
- New apportionment system will begin development in 2026–27. This means that over the next few years, a new system will replace all data collection systems, the calculation and reporting from SAFS.

# Program Webpages and Resources

## Program Webpages:

- [School Apportionment & Financial Resources \(SAFS\)](#)
- [Child Nutrition Services](#)
- [Student Transportation](#)
- [School Facilities & Organization](#)
- [Federal Fiscal Policy](#)

## Presentation:

- 2026 Post Session (today's presentation)—is posted on the [SAFS Trainings and Presentation webpage](#).
- If you would like a copy of this recorded presentation, please email Carrie Hert at [carrie.hert@k12.wa.us](mailto:carrie.hert@k12.wa.us).



# Thank You!



# Appendix

# OSPI Presenters

- T.J. Kelly, Chief Financial Officer
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- Shawn Lewis, Director of School Apportionment & Financial Services
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- Randy Newman, Director of School Facilities & Organization
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- Patti Enbody, Director of Student Transportation & Traffic Safety Education
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