



Investing in Tribal Communities by Modernizing State Tribal Education Compact Schools

2027-29 Biennial Capital Budget Decision Package

Agency: 3500 Office of Superintendent of Public Instruction

Budget period: 2027-29 Biennial Budget

Budget level: PL

PROJECT SUMMARY

Superintendent Reykdal requests \$231.34 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 finance the small school district modernization projects with revenue generated from the common trust lands, and the STEC projects will be financed with general obligation bond funds.

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 2025-27 biennial budget, \$530,000 in planning grants, \$147.1 million in construction grants, and \$27.4 million for STECS were awarded. An additional \$274,000 in planning and \$70.8 million in construction grants were awarded during the 2026 supplemental session. The planning grants have been awarded to 20 school districts, and construction grants have been awarded to 44 school districts and 8 STECS.

Although the legislature made significant investment in the program, it did not fund 11 construction grants and 93 planning grants. OSPI will request funding for these grants in the 2027-29 biennium.

OSPI collaborated with the Small District Modernization Grant Advisory Committee (composed of district stakeholders) to prioritize the list of proposed projects for the 2027-29 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 \$175.5 million for the 11 construction grants not funded in the 2025-27 biennium (\$56.7 million) and 20 planning grants funded in the 2025-27 biennium that are ready to move to their construction phase (\$118.8 million).

Additionally, OSPI requests \$8.3 million to offer planning grants to a total of 193 districts. This includes the 93 planning grants (\$3.3 million) not funded in the 2025-27 biennium and 100 new planning grants (\$5.0 million) requested by small school districts. The planning grants will provide the required information necessary to create the prioritized list of projects for the 2029-31 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.

Small School District Grant Financing

Small school districts in Washington lack the funds to modernize building systems and provide a safe, healthy learning environment. To address this inequity, Superintendent Reykdal proposes funding all small-district modernization grants with revenue from the common school trust lands, allowing trust income to be spent where it was generated.

State Tribal Education Compact Schools (STECs) Funding Request

OSPI requests \$47.5 million to provide construction grant funding to the STECS listed in Appendix C. Historically, the STEC projects have been funded by the State Building Construction Account.

What will the request produce or construct? Who or what will be impacted by the budget request and how will they be impacted?

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.

Identify the problem or opportunity addressed by this request. Why is the request a priority? What would be the result of not acting?

While the SCAP 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.

STECs cannot apply for SCAP, and this program was amended by the legislature to assist the compact schools with school facility funding.

For new funding requests for programs or projects that have received previous appropriations (either a phase of construction or previous grant rounds), how much has been spent or put under contract?

During the 2025-27 biennial budget, \$530,000 in planning grants, \$147.1 million in construction grants, and \$27.4 million for STECS were awarded. An additional \$274,000 in planning and \$70.8 million in construction grants were awarded during the 2026 supplemental session. The planning grants have been awarded to 20 public school districts, and construction grants have been awarded to 44 public school districts and 8 STECS. All funding has been obligated to school districts and STECs as appropriated by the legislature.

Does this project or program leverage non-state funding? If yes, how much by source?

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

For major construction projects, describe the viable alternative solutions you considered. Why was this alternative chosen?

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.

For major construction projects, what project delivery method has been or will be selected and why?

N/A

Location

- Address: N/A
- Zip Code: N/A
- County: Statewide
- City: Olympia
- 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.

Describe the 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 Requested

- 2027-29 \$231,341,000
- 2029-31 \$100,000,000 CCA, \$1,000,000,000 bonds
- 2031-33 \$100,000,000 CCA
- 2033-35 \$100,000,000 CCA
- 2035-37 \$100,000,000 CCA

Operating Budget Impacts

No impact.

Operating Budget Impact Narrative

N/A

STRATEGIC AND PERFORMANCE OUTCOMES

Provide context on how this request fits into the agency's work. Describe how this project supports the agency's strategic plan or would improve agency performance.

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.

How is your proposal impacting equity in the state? Which communities are impacted by this proposal? What are the measurable outcomes that would result from the 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.

OTHER SUPPORTING MATERIALS

If this project is linked to the Puget Sound Action Agenda and/or the Governor's Salmon Strategy, please follow the instructions in Chapter 14 of the operating budget instructions and Chapter 3 of the capital budget instructions.

This project does not impact the Puget Sound Action Agenda or the Governor's Salmon Strategy.

Is there additional information you would like decision makers to know when evaluating this request?

No.