



Small District and State-Tribal Education Compact Schools Modernization

2023–25 Capital Project Request

Project Title: Small District and State-Tribal Education Compact Schools Modernization

Starting Fiscal Year: July 1, 2023

Project Summary

The Office of Superintendent of Public Instruction (OSPI) requests \$128.9 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 education compact schools (STECs) modernize their aging school facilities. OSPI proposes to use Common School Trust land revenue 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 Legislative 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 2021-23 biennial budget, \$1.1 million in planning grants, \$33.795 million in construction grants, and \$4.218 million for STECs were awarded. An additional \$7.612 million in construction grants was awarded during the 2022 supplemental session. The planning grants have been awarded to 29 school districts and construction grants have been awarded to 15 public school districts and 5 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 2023-25 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 \$104.5 million to complete all construction projects that have already been awarded planning grants in the previous biennia. Additionally, OSPI requests \$2.3 million to offer planning grants to a total of 72 districts. The planning grants will provide the required information necessary to create the prioritized list of projects for the 2025-27 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 \$17.1 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.

Energy Assessment Funding Request

The Clean Buildings Initiative enacted with the passage of HB 1257 during the 2019 Legislative Session requires buildings greater than 50,000 square feet to comply with energy efficiency benchmarks established by Washington State Department of Commerce (Commerce) by June 1, 2028. During the 2022 supplemental session, SB 5722 expanded the requirements to include buildings between 20,000 – 50,000 square feet to comply with the benchmarks established by Commerce by June 1, 2027, with a compliance reporting period from June 1, 2026, to May 31, 2027.

OSPI requests \$5 million to provide energy assessment grants to small school districts. Funding would allow districts to hire independent professional consultants to perform facility energy assessments. Data collected from the assessments will inform school district officials on how best to reduce facility energy use and make informed decisions on needed building system improvements. Small school districts can then use this information to apply for planning and construction grants to make needed building system(s) improvements to meet the requirements of the Clean Buildings legislation.

Small School District Grant Financing

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.

To remedy this inequity, Superintendent Reykdal proposes financing all small district modernization grants with revenue generated from the common school trust lands. The Superintendent's financing proposal 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., building predesign or design, construction of additional space, etc.)? When will the project start and be completed?

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?

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.

Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?

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 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 project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

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.

This project does not impact the Puget Sound Action Agenda.

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.

The projects will meet OSPI's Washington Sustainable Schools Protocol.

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy use? If yes, please elaborate.

The Small District Modernization Grant Program will fund school modernization projects which will help small school districts and STECs meet the energy performance targets set by the clean building performance standards by replacing inefficient building systems with new energy efficient systems.

Historical Significance

N.A.

Location

Statewide

Describe 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.

Grant Recipient Organization

Local school districts and state-tribal education compact schools (STECs).

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.

Funding Requested

- 2023–25: \$128,904,000
- 2025–27: \$0
- 2027–29: \$0
- 2029–31: \$0
- 2031–33: \$0