



Small District Modernization Grants *2024 Supplemental Capital Project Request*

Project Class: Grant

Starting Fiscal Year: 2024

Project Summary

Superintendent Reykdal requests \$173.9 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 compact schools (STECS) modernize their aging school facilities. The Superintendent proposes to use all common school construction account 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 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.

Superintendent Reykdal's 2023-25 biennial budget included funding requests from small school districts for \$2.2 million in planning grants and \$98.7 million in construction grants. While many districts received funding, the request was not fully funded in the 2023-25 budget. This supplemental request would fund the planning and construction grants requested that were not included in the Legislature's budget. This request would fund 6 school district construction grants (\$23.05 million) and 27 planning grants (\$811,000). See Appendix A for the list of prioritized construction projects and Appendix B for a list of planning grant recipients.

To allow small school districts to address their school facilities needs in a timely manner, Superintendent Reykdal requests \$150 million in funding to allow school districts that complete their project planning in the 2023-25 biennium budget to proceed to the construction phase of their projects this biennium. A total of 44 school districts received funding for planning grants in the 2023-25 biennial capital budget. OSPI estimates that at least twenty-five districts could quickly complete the planning process, starting the construction phase of their projects in fiscal year 2025. Allowing districts to access construction funding during the same biennium will provide cost savings due to recent high construction inflation.

What is the problem/opportunity? Identify: priority, underserved people/communities, operating budget savings, public safety improvements & clarifying details. Preservation projects: include information about the current condition of the facility/system.

While the School Construction Assistance Program has served the needs of many school districts, the program distributes funding 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 grant requests. The Superintendent's financing proposal would allow small and rural school districts that cannot participate in SCAP to access common school construction account revenue, 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.)?

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.

When will the project start/end? Identify if the project can be phased, and if so, which phase is included in the request. Provide detailed cost backup.

OSPI will notify the school districts as soon as the funding is earmarked in the budget process. Thereafter, the school district would initiate the planning process in case of a planning grant request or the construction process in case of a construction grant request. See Appendix A for the list of prioritized construction projects and Appendix B for a list of planning grant recipients.

How would the request address the problem or opportunity identified in question 1? 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.

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.

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. OSPI's request would service 6 construction grant and 27 planning grant requests.

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 project include IT related costs, including hardware, software, cloud based services, contracts or staff? If yes, attach IT Addendum.

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 12 Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

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 efficiency?

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

How does this project impact equity in the state? Which communities are impacted by this proposal? Include both demographic and geographic communities. How are disparities in communities impacted?

The Small District Modernization Grant Program will fund school modernization projects which will help small school districts statewide to modernize school facilities, which ultimately supports the education of students. Schools are essential for the health and prosperity of children and communities throughout Washington state and are often critical for housing during times of natural disasters as shelters and staging areas for relief efforts. In addition, the Small District Modernization Grant Program provides grant funds to projects that create and support living wage jobs statewide.

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

N/A

Location

Address: 600 Washington St SE

Zip Code: 98504

County: Thurston

City: Olympia

Legislative District: 22

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

Washington State Public School Districts

RCW That Establishes Grant

RCW.28A.525

Application Process Used

OSPI has prioritized school district applications for the Small District Modernization Grant from the 2021-23 biennium that were eligible for project funding in 2023-25 with this request. These applications were scored by a group of stakeholders using criteria including local financing challenges, building condition assessment scores, and improvements to student health and safety. New applicants in the 2023-25 biennium were scored and prioritized using similar criteria.

Funding Requested

- 2025: \$173,864,000
- 2026: \$0

- 2027: \$0
- 2028: \$0
- 2029: \$0
- 2030: \$0
- 2031: \$0
- 2032: \$0
- 2033: \$0