

Old Capitol Building  
PO Box 47200  
Olympia, WA 98504-7200



Washington Office of Superintendent of  
**PUBLIC INSTRUCTION**  
Chris Reykdal, Superintendent

ospi.k12.wa.us

September 26, 2024

The Honorable Jay Inslee, Governor  
Washington State  
PO Box 40002  
Olympia, WA 98504

Dear Governor Inslee:

I am pleased to submit my 2025 Supplemental K–12 Capital Budget proposal. Providing our students with a high-quality public education is not possible without safe and effective classrooms and support space for learning.

All of Washington's students should have the opportunity to learn in a facility that is healthy, safe, and provides an environment for the best educational outcomes for every child, regardless of a school district's ability to raise local capital project funds.

My 2025 Supplemental Capital Budget proposal focuses on improving immediate health and safety concerns, as well as addressing longstanding facility concerns. The key priorities included in my Supplemental Capital Budget request are:

- Continued funding for the Small District Modernization Grant Program to complete outstanding projects funded with capital gains tax revenue.
- Using all funds generated by the common school trust lands to fully fund the Small District Modernization Grant Program.

Thank you for your continued commitment to providing all students, regardless of their zip code or their district's ability to pass a bond or levy, the opportunity to learn in safe, effective, and modern spaces.

Sincerely,

A handwritten signature in blue ink that reads "Chris Reykdal".

Chris Reykdal  
Superintendent of  
Public Instruction

**350 - Superintendent of Public Instruction  
Ten Year Capital Plan by Project Class**

2023-25 Biennium

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Version: S2 2025 Supplemental

Report Number: CBS001

Date Run: 9/26/2024 9:24AM

**Project Class: Grant**

Agency Priority	Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2023-25	New Approp 2023-25	Estimated 2025-27	Estimated 2027-29	Estimated 2029-31	Estimated 2031-33
1	40000160 Common School Construction Account - Refinancing									
	057-1 State Bldg Constr-State	162,850,000				162,850,000				
	113-1 Common School Constr-State	(162,850,000)				(162,850,000)				
	<b>Project Total:</b>									

**Total Account Summary**

Account-Expenditure Authority Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2023-25	New Approp 2023-25	Estimated 2025-27	Estimated 2027-29	Estimated 2029-31	Estimated 2031-33
057-1 State Bldg Constr-State	162,850,000				162,850,000				
113-1 Common School Constr-State	(162,850,000)				(162,850,000)				

<b>Total</b>
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### Ten Year Capital Plan by Project Class

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Report Number: CBS001  
Date Run: 9/26/2024 9:24AM

<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2023-25	2023-25
Functional Area	*	All Functional Areas
Agency	350	350
Version	S2-A	S2-A
Project Classification	*	All Project Classifications
Include Enacted	No	No
Sort Order	Project Class	Project Class
Include Page Numbers	Y	Yes
For Word or Excel	N	N
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids

350 - Superintendent of Public Instruction  
Capital Project Request

2023-25 Biennium

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Version: S2 2025 Supplemental

Report Number: CBS002

Date Run: 9/26/2024 9:22AM

Project Number: 40000160

Project Title: Common School Construction Account - Refinancing

**Description**

Starting Fiscal Year: 2024  
Project Class: Grant  
Agency Priority: 1

**Project Summary**

Superintendent Reykdal requests \$162.8 million to refinance K-12 capital program projects funded by the common school construction account in the 2023-25 and 2024 supplemental capital budgets due to a revenue shortfall from capital gains tax deposits.

**Project Description**

Superintendent Reykdal requests \$162.8 million to refinance K-12 capital program projects funded by the common school construction account in the 2023-25 and 2024 supplemental capital budgets due to a revenue shortfall from capital gains tax deposits.

During the development of the 2023-25 and 2024 capital budget, the projected revenue based on the November 2023 forecast from the capital gains tax to be deposited into the common school construction account was as follows for the following biennia:

- 2023-25 \$444.9 Million
- 2025-27 \$761.9 Million
- 2027-29 \$923.7 Million
- 2029-31 \$1.13 Billion
- 2031-33 \$1.07 Billion

The legislature made appropriations from the common school construction account for several K-12 capital programs based on these revenue projections. In May 2024, the Department of Revenue (DOR) notified the legislature, Office of Financial Management (OFM), and the Office of Superintendent of Public Instruction (OSPI) that revenues collected from the capital gains tax will fall short of the projections provided in the November 2023 forecast and no funding would be deposited into the Common School Construction Account in fiscal year 2024.

This request would refinance the following projects to replace common school construction account funding with state general obligation bond funding:

- \$40,606,000 - 40000015 West Sound Skills Center
- \$17,306,000 - 40000067 School District Health & Safety
- \$ 5,135,000 - 40000070 Skills Centers Minor Works
- \$15,000,000 - 40000104 School District Indoor Air Quality & Energy Efficiency
- \$68,203,000 - 91000534 Career and Technical Education Projects
- \$10,375,000 - 92000928 Distressed Schools Grants
- \$ 2,231,000 - 40000063 2023-25 Study and Survey Grants
- \$ 4,000,000 - 40000069 Career Preparation and Launch Capital Grants
- \$162,850,000 Total amount to be refinanced

Refinancing these projects funded by the common school construction account with state general obligation bonds in the 2025 supplemental budget will allow the Superintendent to fully fund the Small District Modernization Program in the 2025-27 biennium with the common school trust land revenue projected to be generated in the same biennium. This support the Superintendent's goal to keep trust land revenues in communities where they are generated, which is in mostly rural areas where students are served by small school districts eligible for the Small District Modernization Program.

# 350 - Superintendent of Public Instruction Capital Project Request

2023-25 Biennium

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Version: S2 2025 Supplemental

Report Number: CBS002

Date Run: 9/26/2024 9:22AM

Project Number: 40000160

Project Title: Common School Construction Account - Refinancing

## Description

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

Students and communities in small rural school districts will benefit from this proposal because it supports the Small District Modernization Grant Program which allows small school districts to address safety and health issues impacting their school facilities. This request will allow revenue generated from common school trust land to be reinvested in local schools where timber is harvested, to address immediate health and safety needs of their school buildings.

**Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, masterplans, 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.)**

No IT related costs.

**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.**

This proposal is not linked to the Puget Sound Action Agenda.

**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?**

The Small District Modernization Grant Program provides grant funding for 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.

**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**

Many projects funded by the Small District Modernization Program replace inefficient HVAC systems which consume higher amounts of electricity. By replacing these inefficient HVAC systems, energy consumption by schools is decreased helping schools meet clean building performance standards.

**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.

**If the project is linked to the Governor's Salmon Strategy provide an explanation of how the budget request relates to a**

350 - Superintendent of Public Instruction  
 Capital Project Request

2023-25 Biennium

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Version: S2 2025 Supplemental

Report Number: CBS002

Date Run: 9/26/2024 9:22AM

Project Number: 40000160

Project Title: Common School Construction Account - Refinancing

**Description**

salmon strategy action, is urgent in the coming biennium to advance salmon recovery, is aligned with a federally approved salmon recovery plan, and/or advances a known tribal priority.

This project has no linkage to the Governor's Salmon Strategy.

**Location**

City: Olympia

County: Statewide

Legislative District: 098

**Project Type**

Grants

Grant Recipient Organization: Local School Districts

RCW that establishes grant: 28A.525

**Application process used**

The grants which are being refinanced with this funding package has already been awarded to local school districts.

**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		2023-25 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	162,850,000				162,850,000
113-1	Common School Constr-State	(162,850,000)				(162,850,000)
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Future Fiscal Periods</b>						
		<b>2025-27</b>	<b>2027-29</b>	<b>2029-31</b>	<b>2031-33</b>	
057-1	State Bldg Constr-State					
113-1	Common School Constr-State					
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Operating Impacts**

No Operating Impact

**Narrative**

Capital grants only and does not impact the operating budget.

# Capital Project Request

2023-25 Biennium

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<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2023-25	2023-25
Agency	350	350
Version	S2-A	S2-A
Project Classification	*	All Project Classifications
Capital Project Number	40000160	40000160
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