

HOUSE BILL REPORT

SB 5202

As Reported by House Committee On:
Education

Title: An act relating to establishing school district depreciation subfunds for the purposes of preventative maintenance.

Brief Description: Establishing school district depreciation subfunds for the purposes of preventative maintenance.

Sponsors: Senators Schoesler, Dozier, Honeyford, Keiser, King and Warnick.

Brief History:

Committee Activity:

Education: 3/12/21, 3/23/21 [DPA].

Brief Summary of Bill
(As Amended By Committee)

- Requires school districts to establish a depreciation subfund (subfund) within their general fund to reserve moneys for future facility and equipment needs, including preventative maintenance and emergency facility needs.
- Establishes limits on the annual amounts that can be deposited in the subfunds and prohibits moneys in the subfunds from being used for employee compensation that is unrelated to authorized subfund uses.

HOUSE COMMITTEE ON EDUCATION

Majority Report: Do pass as amended. Signed by 11 members: Representatives Santos, Chair; Dolan, Vice Chair; Ybarra, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Bergquist, McCaslin, McEntire, Ortiz-Self, Rude, Steele and Stonier.

Minority Report: Without recommendation. Signed by 2 members: Representatives Berg

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

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Staff: Ethan Moreno (786-7386).

Background:

Requirements governing school district financial operations require districts to establish and maintain various funds for the receipt, deposit, and authorized use of district moneys.

Examples include:

- a general fund to account for all financial operations of the school district except those required to be accounted for in a different fund;
- a local revenue subfund of its general fund to account for the financial operations of a school district that are paid from local revenues, including revenues from enrichment and transportation vehicle levies;
- a capital projects fund for major capital purposes, including major renovations and replacements of district facilities and systems; and
- a debt service fund to provide for tax proceeds, other revenues, and disbursements related to bonds.

Summary of Amended Bill:

Each school district must establish a depreciation subfund (subfund) of its general fund to reserve moneys for future facility and equipment needs, including preventative maintenance and emergency facility needs.

No minimum balance or deposit is required, but school districts may deposit up to 2 percent of their general fund each fiscal year into the subfund. The preventative maintenance must be necessary to realize the originally anticipated useful life of a building or facility and includes:

- exterior painting of facilities;
- replacement or renovation of roofing, exterior walls, windows, heating, air conditioning and ventilation systems, floor coverings in classrooms and common areas, and electrical and plumbing systems; and
- renovation of playfields, athletic facilities, and other school district real property.

School districts, subject to applicable public works bid limits, may use school district employees to perform preventative maintenance with moneys from the subfund, but moneys from the subfund may not be used for employee compensation that is unrelated to authorized subfund uses.

Amended Bill Compared to Original Bill:

The amended bill makes the following changes to the original bill:

- allows school districts, subject to applicable public works bid limits, to use district employees to perform preventative maintenance with moneys from the depreciation subfund, but specifies that moneys from the subfund may not be used for employee compensation that is unrelated to authorized subfund uses; and
 - makes technical changes by: specifying that a depreciation subfund would be a subfund of a school district's general fund; changing a reference from "funds" to "moneys"; combining language that delineates the purposes for the subfund; changing a reference from "district" real property to "school district" real property; and making a grammar change.
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Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill has existed for two years and passed the Senate Early Learning & K-12 Education Committee last session. The bill is a response to school districts that passed bonds for projects but did not pay for all of the resulting preventative maintenance. The language of the bill is permissive, and school districts may deposit up to 2 percent of their general fund into the subfund for authorized projects. A friendly amendment is being prepared to allow work within bid limit requirements to be done by school district employees.

This bill requires the subfunds to be established, but gives school districts flexibility in determining how much to put in the fund.

(Opposed) None.

(Other) School maintenance is critical to schools for the preservation of facilities, and maintenance efforts are ongoing. There are some concerns about the possible diverting of basic education moneys into the subfund. Stakeholders are working on language to clarify that school district employees can perform work with subfund moneys.

There are concerns about provisions in the bill that would prevent ongoing maintenance from being performed by school district employees.

Persons Testifying: (In support) Senator Schoesler, prime sponsor; and Mitch Denning, Washington Association of Maintenance and Operation Administrators.

(Other) Christian Dube, International Union of Operating Engineers 302; and Rick Chisa, Public School Employees of Washington.

Persons Signed In To Testify But Not Testifying: None.