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**SENATE BILL 5202**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Senators Schoesler, Dozier, Honeyford, Keiser, King, and Warnick

Read first time 01/13/21. Referred to Committee on Early Learning & K-12 Education.

1 AN ACT Relating to establishing school district depreciation  
2 subfunds for the purposes of preventative maintenance; and reenacting  
3 and amending RCW 28A.320.330.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 28A.320.330 and 2019 c 411 s 3 and 2019 c 410 s 3  
6 are each reenacted and amended to read as follows:

7 School districts shall establish the following funds in addition  
8 to those provided elsewhere by law:

9 (1)(a) A general fund for the school district to account for all  
10 financial operations of the school district except those required to  
11 be accounted for in another fund.

12 (b) By the 2018-19 school year, a local revenue subfund of its  
13 general fund to account for the financial operations of a school  
14 district that are paid from local revenues. The local revenues that  
15 must be deposited in the local revenue subfund are enrichment levies  
16 and transportation vehicle levies collected under RCW 84.52.053,  
17 local effort assistance funding received under chapter 28A.500 RCW,  
18 and other school district local revenues including, but not limited  
19 to, grants, donations, and state and federal payments in lieu of  
20 taxes, but do not include other federal revenues, or local revenues  
21 that operate as an offset to the district's basic education

1 allocation under RCW 28A.150.250. School districts must track  
2 expenditures from this subfund separately to account for the  
3 expenditure of each of these streams of revenue by source, and must  
4 provide the supplemental expenditure schedule under (c) of this  
5 subsection, and any other supplemental expenditure schedules required  
6 by the superintendent of public instruction or state auditor, for  
7 purposes of RCW 43.09.2856.

8 (c) Beginning in the 2019-20 school year, the superintendent of  
9 public instruction must require school districts to provide a  
10 supplemental expenditure schedule by revenue source that identifies  
11 the amount expended by object for each of the following supplementary  
12 enrichment activities beyond the state funded amount:

13 (i) Minimum instructional offerings under RCW 28A.150.220 or  
14 28A.150.260 not otherwise included on other lines;

15 (ii) Staffing ratios or program components under RCW 28A.150.260,  
16 including providing additional staff for class size reduction beyond  
17 class sizes allocated in the prototypical school model and additional  
18 staff beyond the staffing ratios allocated in the prototypical school  
19 formula;

20 (iii) Program components under RCW 28A.150.200, 28A.150.220, or  
21 28A.150.260, not otherwise included on other lines;

22 (iv) Program components to support students in the program of  
23 special education;

24 (v) Program components of professional learning, as defined by  
25 RCW 28A.415.430, beyond that allocated under RCW 28A.150.415;

26 (vi) Extracurricular activities;

27 (vii) Extended school days or an extended school year;

28 (viii) Additional course offerings beyond the minimum  
29 instructional program established in the state's statutory program of  
30 basic education;

31 (ix) Activities associated with early learning programs;

32 (x) Activities associated with providing the student  
33 transportation program;

34 (xi) Any additional salary costs attributable to the provision or  
35 administration of the enrichment activities allowed under RCW  
36 28A.150.276;

37 (xii) Additional activities or enhancements that the office of  
38 the superintendent of public instruction determines to be a  
39 documented and demonstrated enrichment of the state's statutory  
40 program of basic education under RCW 28A.150.276; and

1 (xiii) All other costs not otherwise identified in other line  
2 items.

3 (d) For any salary and related benefit costs identified in  
4 (c)(xi), (xii), and (xiii) of this subsection, the school district  
5 shall maintain a record describing how these expenditures are  
6 documented and demonstrated enrichment of the state's statutory  
7 program of basic education. School districts shall maintain these  
8 records until the state auditor has completed the audit under RCW  
9 43.09.2856.

10 (e) A depreciation subfund for the school district to reserve  
11 funds for future facility and equipment needs. Up to two percent of a  
12 school district's general fund may be deposited each fiscal year into  
13 the depreciation subfund for the purpose of preventative maintenance  
14 or emergency facility needs. The preventative maintenance must be  
15 necessary to realize the originally anticipated useful life of a  
16 building or facility and include: Exterior painting of facilities;  
17 replacement or renovation of roofing, exterior walls, windows,  
18 heating, air conditioning and ventilation systems, floor coverings in  
19 classrooms and common areas, and electrical and plumbing systems; and  
20 renovation of playfields, athletic facilities, and other district  
21 real property. No moneys from the depreciation subfund may be used  
22 for employee compensation.

23 (2) A capital projects fund shall be established for major  
24 capital purposes. All statutory references to a "building fund" shall  
25 mean the capital projects fund so established. Money to be deposited  
26 into the capital projects fund shall include, but not be limited to,  
27 bond proceeds, proceeds from excess levies authorized by RCW  
28 84.52.053, state apportionment proceeds as authorized by RCW  
29 28A.150.270, earnings from capital projects fund investments as  
30 authorized by RCW 28A.320.310 and 28A.320.320, and state forest  
31 revenues transferred pursuant to subsection (3) of this section.

32 Money derived from the sale of bonds, including interest earnings  
33 thereof, may only be used for those purposes described in RCW  
34 28A.530.010, except that accrued interest paid for bonds shall be  
35 deposited in the debt service fund.

36 Money to be deposited into the capital projects fund shall  
37 include but not be limited to rental and lease proceeds as authorized  
38 by RCW 28A.335.060, and proceeds from the sale of real property as  
39 authorized by RCW 28A.335.130.

1 Money legally deposited into the capital projects fund from other  
2 sources may be used for the purposes described in RCW 28A.530.010,  
3 and for the purposes of:

4 (a) Major renovation and replacement of facilities and systems  
5 where periodical repairs are no longer economical or extend the  
6 useful life of the facility or system beyond its original planned  
7 useful life. Such renovation and replacement shall include, but shall  
8 not be limited to, major repairs, exterior painting of facilities,  
9 replacement and refurbishment of roofing, exterior walls, windows,  
10 heating and ventilating systems, floor covering in classrooms and  
11 public or common areas, and electrical and plumbing systems.

12 (b) Renovation and rehabilitation of playfields, athletic fields,  
13 and other district real property.

14 (c) The conduct of preliminary energy audits and energy audits of  
15 school district buildings. For the purpose of this section:

16 (i) "Preliminary energy audits" means a determination of the  
17 energy consumption characteristics of a building, including the size,  
18 type, rate of energy consumption, and major energy using systems of  
19 the building.

20 (ii) "Energy audit" means a survey of a building or complex which  
21 identifies the type, size, energy use level, and major energy using  
22 systems; which determines appropriate energy conservation maintenance  
23 or operating procedures and assesses any need for the acquisition and  
24 installation of energy conservation measures, including solar energy  
25 and renewable resource measures.

26 (iii) "Energy capital improvement" means the installation, or  
27 modification of the installation, of energy conservation measures in  
28 a building which measures are primarily intended to reduce energy  
29 consumption or allow the use of an alternative energy source.

30 (d) Those energy capital improvements which are identified as  
31 being cost-effective in the audits authorized by this section.

32 (e) Purchase or installation of additional major items of  
33 equipment and furniture: PROVIDED, That vehicles shall not be  
34 purchased with capital projects fund money.

35 (f) (i) Costs associated with implementing technology systems,  
36 facilities, and projects, including acquiring hardware, licensing  
37 software, and online applications and training related to the  
38 installation of the foregoing. However, the software or applications  
39 must be an integral part of the district's technology systems,  
40 facilities, or projects.

1 (ii) Costs associated with the application and modernization of  
2 technology systems for operations and instruction including, but not  
3 limited to, the ongoing fees for online applications, subscriptions,  
4 or software licenses, including upgrades and incidental services, and  
5 ongoing training related to the installation and integration of these  
6 products and services. However, to the extent the funds are used for  
7 the purpose under this subsection (2)(f)(ii), the school district  
8 shall transfer to the district's general fund the portion of the  
9 capital projects fund used for this purpose. The office of the  
10 superintendent of public instruction shall develop accounting  
11 guidelines for these transfers in accordance with internal revenue  
12 service regulations.

13 (g) Major equipment repair, painting of facilities, and other  
14 major preventative maintenance purposes. However, to the extent the  
15 funds are used for the purpose under this subsection (2)(g), the  
16 school district shall transfer to the district's general fund the  
17 portion of the capital projects fund used for this purpose. The  
18 office of the superintendent of public instruction shall develop  
19 accounting guidelines for these transfers in accordance with internal  
20 revenue service regulations. Based on the district's most recent two-  
21 year history of general fund maintenance expenditures, funds used for  
22 this purpose may not replace routine annual preventive maintenance  
23 expenditures made from the district's general fund.

24 (h) During the 2019-2021 fiscal biennium, renovation and  
25 replacement of facilities and systems, purchase or installation of  
26 items of equipment and furniture, including maintenance vehicles and  
27 machinery, and other preventative maintenance or infrastructure  
28 improvement purposes.

29 (3) A debt service fund to provide for tax proceeds, other  
30 revenues, and disbursements as authorized in chapter 39.44 RCW. State  
31 forestland revenues that are deposited in a school district's debt  
32 service fund pursuant to RCW 79.64.110 and to the extent not  
33 necessary for payment of debt service on school district bonds may be  
34 transferred by the school district into the district's capital  
35 projects fund.

36 (4) An associated student body fund as authorized by RCW  
37 28A.325.030.

1           (5) Advance refunding bond funds and refunded bond funds to  
2 provide for the proceeds and disbursements as authorized in chapter  
3 39.53 RCW.

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