

SENATE BILL REPORT

SB 5403

As Amended by House, April 12, 2023

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, Wellman, Torres, Boehnke, Muzzall, Dozier, Kuderer, Randall, Wilson, C. and Wilson, L..

Brief History:

Committee Activity: Early Learning & K-12 Education: 2/02/23, 2/09/23 [DP].

Floor Activity: Passed Senate: 3/3/23, 48-0.

Passed House: 4/12/23, 89-8.

Brief Summary of Bill

- Requires school districts to establish a depreciation subfund within their general fund.
- Allows school districts to annually deposit up to 2 percent of their general fund into the depreciation subfund for emergency facility needs and preventative maintenance.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: Do pass.

Signed by Senators Wellman, Chair; Nobles, Vice Chair; Wilson, C., Vice Chair; Hawkins, Ranking Member; Dozier, Hunt, Mullet and Pedersen.

Staff: Alexandra Fairfortune (786-7416)

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.

Background: School District Funds. School district accounting requirements organize and operate on a fund basis. Under current law, school districts must establish:

- a general fund for most financial operations of the schools district, including a subfund for local revenues;
- a capital projects fund for major capital purposes;
- a debt service fund for the retirement of bonds;
- a refunded bond fund; and
- an associated student body fund for all moneys generated through the programs and activities of any associated student body organization.

Summary of Bill: School districts must establish a depreciation subfund within their general fund to reserve funds for future facility and equipment needs. Up to 2 percent of a school district's general fund may be deposited into the depreciation subfund each fiscal year for emergency facility needs and preventative maintenance.

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, ventilation systems, floor coverings, electrical systems, and plumbing systems; and
- renovation of playgrounds, athletic facilities, and other 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 unrelated to authorized subfund uses.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: School maintenance is a critical component to the health and safety of schools, and maintenance staff work constantly to preserve and extend the lifespan of buildings that represent billions of capital dollars. These staff use preventative maintenance plans to maintain safe and healthy learning environments so that the focus can remain on teaching. Failure to maintain buildings can lead to costly repairs or interruptions in education programs. This bill helps school districts set aside a minor amount of funding that may be too small for a bond measure but larger than day-to-day spending.

CON: State funded school facilities are required to participate in an asset preservation program and use ICOS to track building condition details. This data is used to determine the state level of assistance 30 years after a state-funded building has been constructed. Adding a second program with the same goals would be redundant. Even though it is not required it adds pressure to cut the general fund to set these funds aside.

Persons Testifying: PRO: David Nowotny; Rick Chisa, Public School Employees of Washington (PSE).

CON: Meisha Robertson, Riverview School District.

Persons Signed In To Testify But Not Testifying: No one.

EFFECT OF HOUSE AMENDMENT(S):

- Makes the requirement to establish a depreciation subfund that may be used to reserve funds for future facility and equipment needs applicable only to school districts with fewer than 2000 students—referred to as school districts of the second class.