

ESB 5202 - H COMM AMD
By Committee on Education

1 Strike everything after the enacting clause and insert the
2 following:

3 **"Sec. 1.** RCW 28A.320.330 and 2021 c 332 s 7045 are each amended
4 to read as follows:

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

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

10 (b) By the 2018-19 school year, a local revenue subfund of its
11 general fund to account for the financial operations of a school
12 district that are paid from local revenues. The local revenues that
13 must be deposited in the local revenue subfund are enrichment levies
14 and transportation vehicle levies collected under RCW 84.52.053,
15 local effort assistance funding received under chapter 28A.500 RCW,
16 and other school district local revenues including, but not limited
17 to, grants, donations, and state and federal payments in lieu of
18 taxes, but do not include other federal revenues, or local revenues
19 that operate as an offset to the district's basic education
20 allocation under RCW 28A.150.250. School districts must track
21 expenditures from this subfund separately to account for the
22 expenditure of each of these streams of revenue by source, and must
23 provide the supplemental expenditure schedule under (c) of this
24 subsection, and any other supplemental expenditure schedules required
25 by the superintendent of public instruction or state auditor, for
26 purposes of RCW 43.09.2856.

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

1 (i) Minimum instructional offerings under RCW 28A.150.220 or
2 28A.150.260 not otherwise included on other lines;

3 (ii) Staffing ratios or program components under RCW 28A.150.260,
4 including providing additional staff for class size reduction beyond
5 class sizes allocated in the prototypical school model and additional
6 staff beyond the staffing ratios allocated in the prototypical school
7 formula;

8 (iii) Program components under RCW 28A.150.200, 28A.150.220, or
9 28A.150.260, not otherwise included on other lines;

10 (iv) Program components to support students in the program of
11 special education;

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

14 (vi) Extracurricular activities;

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

16 (viii) Additional course offerings beyond the minimum
17 instructional program established in the state's statutory program of
18 basic education;

19 (ix) Activities associated with early learning programs;

20 (x) Activities associated with providing the student
21 transportation program;

22 (xi) Any additional salary costs attributable to the provision or
23 administration of the enrichment activities allowed under RCW
24 28A.150.276;

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

29 (xiii) All other costs not otherwise identified in other line
30 items.

31 (d) For any salary and related benefit costs identified in
32 (c)(xi), (xii), and (xiii) of this subsection, the school district
33 shall maintain a record describing how these expenditures are
34 documented and demonstrated enrichment of the state's statutory
35 program of basic education. School districts shall maintain these
36 records until the state auditor has completed the audit under RCW
37 43.09.2856.

38 (e) A depreciation subfund of its general fund for the school
39 district to reserve moneys for future facility and equipment needs,
40 including preventative maintenance and emergency facility needs. Up

1 to two percent of a school district's general fund may be deposited
2 each fiscal year into the depreciation subfund. The preventative
3 maintenance must be necessary to realize the originally anticipated
4 useful life of a building or facility and includes: Exterior painting
5 of facilities; replacement or renovation of roofing, exterior walls,
6 windows, heating, air conditioning and ventilation systems, floor
7 coverings in classrooms and common areas, and electrical and plumbing
8 systems; and renovation of playfields, athletic facilities, and other
9 school district real property. School districts, subject to
10 applicable public works bid limits, may use school district employees
11 to perform preventative maintenance with moneys from the depreciation
12 subfund, but moneys from the depreciation subfund may not be used for
13 employee compensation that is unrelated to this subsection (1)(e).

14 (2) A capital projects fund shall be established for major
15 capital purposes. All statutory references to a "building fund" shall
16 mean the capital projects fund so established. Money to be deposited
17 into the capital projects fund shall include, but not be limited to,
18 bond proceeds, proceeds from excess levies authorized by RCW
19 84.52.053, state apportionment proceeds as authorized by RCW
20 28A.150.270, earnings from capital projects fund investments as
21 authorized by RCW 28A.320.310 and 28A.320.320, and state forest
22 revenues transferred pursuant to subsection (3) of this section.

23 Money derived from the sale of bonds, including interest earnings
24 thereof, may only be used for those purposes described in RCW
25 28A.530.010, except that accrued interest paid for bonds shall be
26 deposited in the debt service fund.

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

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

34 (a) Major renovation and replacement of facilities and systems
35 where periodical repairs are no longer economical or extend the
36 useful life of the facility or system beyond its original planned
37 useful life. Such renovation and replacement shall include, but shall
38 not be limited to, major repairs, exterior painting of facilities,
39 replacement and refurbishment of roofing, exterior walls, windows,

1 heating and ventilating systems, floor covering in classrooms and
2 public or common areas, and electrical and plumbing systems.

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

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

7 (i) "Preliminary energy audits" means a determination of the
8 energy consumption characteristics of a building, including the size,
9 type, rate of energy consumption, and major energy using systems of
10 the building.

11 (ii) "Energy audit" means a survey of a building or complex which
12 identifies the type, size, energy use level, and major energy using
13 systems; which determines appropriate energy conservation maintenance
14 or operating procedures and assesses any need for the acquisition and
15 installation of energy conservation measures, including solar energy
16 and renewable resource measures.

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

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

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

26 (f)(i) Costs associated with implementing technology systems,
27 facilities, and projects, including acquiring hardware, licensing
28 software, and online applications and training related to the
29 installation of the foregoing. However, the software or applications
30 must be an integral part of the district's technology systems,
31 facilities, or projects.

32 (ii) Costs associated with the application and modernization of
33 technology systems for operations and instruction including, but not
34 limited to, the ongoing fees for online applications, subscriptions,
35 or software licenses, including upgrades and incidental services, and
36 ongoing training related to the installation and integration of these
37 products and services. However, to the extent the funds are used for
38 the purpose under this subsection (2)(f)(ii), the school district
39 shall transfer to the district's general fund the portion of the
40 capital projects fund used for this purpose. The office of the

1 superintendent of public instruction shall develop accounting
2 guidelines for these transfers in accordance with internal revenue
3 service regulations.

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

15 (h) During the 2021-2023 fiscal biennium, renovation and
16 replacement of facilities and systems, purchase or installation of
17 items of equipment and furniture, including maintenance vehicles and
18 machinery, and other preventative maintenance or infrastructure
19 improvement purposes.

20 (3) A debt service fund to provide for tax proceeds, other
21 revenues, and disbursements as authorized in chapter 39.44 RCW. State
22 forestland revenues that are deposited in a school district's debt
23 service fund pursuant to RCW 79.64.110 and to the extent not
24 necessary for payment of debt service on school district bonds may be
25 transferred by the school district into the district's capital
26 projects fund.

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

29 (5) Advance refunding bond funds and refunded bond funds to
30 provide for the proceeds and disbursements as authorized in chapter
31 39.53 RCW."

32 Correct the title.

EFFECT: (1) 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 the subfund authorizations.

(2) Makes technical changes by: (a) Specifying that a depreciation subfund would be a subfund of a school district's general fund; (b) changing a reference from "funds" to "moneys"; (c) combining language that delineates the purposes for the subfund; (d)

changing a reference from "district" real property to "school district" real property; and (e) making a grammar change.

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