



# Current 2% Rule Compared to Maintenance Rule Proposal

	WAC	Rule Explanation
 <b>Expenditure Accounting Approach</b>	<b>2% Rule ( Current )</b> WAC 392-347-023	<ul style="list-style-type: none"> <li>• <b>Requires</b> district to begin accounting for maintenance expenditures at 15 years. Must report in previous 15 years to apply for modernization eligibility for state assistance.</li> <li>• <b>Stipulates</b> gradient reduction or loss of state assistance for the failure of the district to account for spending up to 2% of the replacement value of the facility.</li> <li>• <b>Total</b> loss of state assistance for failure to account for spending any amount less than .5%.</li> </ul>
 <b>Building Performance Approach</b>	<b>( Revised )</b> WAC 392-347-023  (Asset Preservation Program)	<ul style="list-style-type: none"> <li>• <b>Requires implementation of:</b> <ol style="list-style-type: none"> <li>1. District board policy</li> <li>2. Building asset preservation plans</li> <li>3. Annual building and system assessments</li> <li>4. Annual tracking of building expenditures.</li> <li>5. Annual report to the board.</li> <li>6. Six year certified report to board &amp; OSPI.</li> </ol> </li> <li>• <b>Stipulates</b> reduction in state assistance for the failure of the district to meet benchmark building standards. If necessary, at year 15, requires Facility Improvement Plan to take corrective action.</li> <li>• <b>Total</b> loss of state assistance for failure to implement asset preservation program.</li> </ul>

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		Rule Intent	Who is affected?
<b>Expenditure Accounting Approach</b>	<p><b>Implied:</b></p> <ul style="list-style-type: none"> <li>•As the state's (or OSPI's) maintenance rule (There is no maintenance rule!)</li> <li>•To strongly encourage district maintenance expenditures through district operating dollars.</li> <li>•Avoid deferred maintenance.</li> <li>•Protect the public's investment.</li> </ul>	<p>Any building, board accepted post 1994, which wishes to be eligible to receive state assistance 30 years after acceptance date.</p>	
<b>Building Performance Approach</b>	<p><b>Specific:</b></p> <ul style="list-style-type: none"> <li>•Articulates state policy and roles in asset preservation (and district maintenance).</li> <li>•Commits districts to maintain their school facilities through a specific board policy.</li> <li>•Commits to using a comprehensive asset preservation program beginning in year one.</li> <li>•Avoid deferred maintenance.</li> <li>•Protect the public's investment.</li> </ul>	<p>Any building, board accepted post 1994, which wishes to be eligible to receive state assistance 30 years after acceptance date. <b>(SAME)</b></p>	

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**Expenditure Accounting Approach**  
**Building Performance Approach**

**How many projects are affected the first year?**

24 building from 22 districts.

24 building from 22 districts.

**When are these districts first required to report?**

- No sooner than 2024.
- Later depending on their application for state capital assistance.

- No later than 2010.

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	Method of Determining Accountability	Incentives For Compliance
Expenditure Accounting Approach	<ul style="list-style-type: none"> <li>•accounting expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>•Full or partial future modernization eligibility for state assistance.</li> </ul>
Building Performance Approach	<ul style="list-style-type: none"> <li>•evaluating building conditions.</li> </ul>	<ul style="list-style-type: none"> <li>•Full or partial future modernization eligibility for state assistance.</li> <li>•Possible state funding incentives:               <ul style="list-style-type: none"> <li>• study &amp; survey planning grants,</li> <li>• new projects,</li> <li>• other capital projects grants (including small repair grants).</li> </ul> </li> <li>•Other possible incentives:               <ul style="list-style-type: none"> <li>•energy discounts,</li> <li>•insurance discounts,</li> <li>•asset preservation training.</li> </ul> </li> </ul>

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## Benefits

### State:

- Intends to protect the public investment.

### Districts:

- Possibly, longer lasting buildings.

### State:

- Intends to protect the public investment.
- Articulates state policy and role in asset preservation.
- Supports statewide issues by incorporating:
  - JLARC inventory project,
  - WSPIC digital mapping,
  - Health Rules.
- Promotes state and district collaboration.

### Districts:

- Promotes best practices and rewards maintenance.
- May extend to non-state funded facilities.
- Directs maintenance expenditures where needed.
- Tracks annual M&O expenditures.
- Consolidates accounting & reporting.
- Provides for M&O training to increase efficiency.

Expenditure  
Accounting Approach

Building Performance  
Approach

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## Disadvantages

### Expenditure Accounting Approach

**State:**

- No assurances that building are being maintained.
- No accountability until 30<sup>th</sup> year or beyond.

**Districts:**

- Rule is unclear and difficult to understand and manage.
- Disputable that 2% is correct amount.
- Districts view as unfunded mandate.
- Basic education funding is currently underfunded causing districts to choose other priorities before M&O.
- Can be disincentive for investing in maintenance friendly construction.
- Displaces funds to do accounting.

### Building Performance Approach

**State:**

- Funding requested for initial assessments. (OSPI budget request \$264,000)
- Funding requested for continuation of Regional Assistance Program. (OSPI budget request \$1.8 million)

**Districts:**

- Will require district expenditures if initial assessment and training funding is not forthcoming.
- Basic education funding is currently underfunded causing districts to choose other priorities before M&O.

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## Endorsements

**None:**

- OSPI Technical Advisory Committee 2% Rule Sub-committee;
- OSPI Technical Advisory Committee;
- OSPI Citizens Advisory Panel;
- These committees include members who represent many organizations including WAMOA, WASBO, WASA, WASSDA and school districts.
- Council of Educational Facility Planners International (CEFPI)
- Collaboration has included work with association leaderships and other state agencies.
- Industries aligned with School Facilities.

**Expenditure  
Accounting Approach**

**Building Performance  
Approach**