### Current 2% Rule Compared to Maintenance Rule Proposal

<table>
<thead>
<tr>
<th>WAC</th>
<th>Rule Explanation</th>
</tr>
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</table>
| **2% Rule (Current)**  
WAC 392-347-023 | • Requires district to begin accounting for maintenance expenditures at 15 years. Must report in previous 15 years to apply for modernization eligibility for state assistance.  
• Stipulates 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.  
• Total loss of state assistance for failure to account for spending any amount less than .5%. |
| **(Revised)**  
WAC 392-347-023  
(Asset Preservation Program) | • Requires implementation of:  
1. District board policy  
2. Building asset preservation plans  
3. Annual building and system assessments  
5. Annual report to the board.  
6. Six year certified report to board & OSPI.  
• Stipulates 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.  
• Total loss of state assistance for failure to implement asset preservation program. |
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<table>
<thead>
<tr>
<th>Rule Intent</th>
<th>Who is affected?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Implied:</strong></td>
<td></td>
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<tr>
<td>• As the state's (or OSPI's) maintenance rule (There is no maintenance rule!)</td>
<td></td>
</tr>
<tr>
<td>• To strongly encourage district maintenance expenditures through district operating dollars.</td>
<td></td>
</tr>
<tr>
<td>• Avoid deferred maintenance.</td>
<td></td>
</tr>
<tr>
<td>• Protect the public's investment.</td>
<td></td>
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<tr>
<td><strong>Specific:</strong></td>
<td></td>
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<tr>
<td>• Articulates state policy and roles in asset preservation (and district maintenance).</td>
<td></td>
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<tr>
<td>• Commits districts to maintain their school facilities through a specific board policy.</td>
<td></td>
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<tr>
<td>• Commits to using a comprehensive asset preservation program beginning in year one.</td>
<td></td>
</tr>
<tr>
<td>• Avoid deferred maintenance.</td>
<td></td>
</tr>
<tr>
<td>• Protect the public's investment.</td>
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</table>

Any building, board accepted post 1994, which wishes to be eligible to receive state assistance 30 years after acceptance date.

Any building, board accepted post 1994, which wishes to be eligible to receive state assistance 30 years after acceptance date. **(SAME)**
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<table>
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<tr>
<th>How many projects are affected the first year?</th>
<th>When are these districts first required to report?</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 building from 22 districts.</td>
<td>• No sooner than 2024.</td>
</tr>
<tr>
<td></td>
<td>• Later depending on their application for state capital assistance.</td>
</tr>
</tbody>
</table>

24 building from 22 districts.

• No later than 2010.
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Method of Determining Accountability

- accounting expenditures.

- evaluating building conditions.

Incentives For Compliance

- Full or partial future modernization eligibility for state assistance.

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- Possible state funding incentives:
  - study & survey planning grants,
  - new projects,
  - other capital projects grants (including small repair grants).

- Other possible incentives:
  - energy discounts,
  - insurance discounts,
  - asset preservation training.
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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.
## Current 2% Rule Compared to Maintenance Rule Proposal

### Disadvantages

#### State:
- No assurances that building are being maintained.
- No accountability until 30th 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

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

#### Expenditure Accounting Approach

- 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.