

IDAHO CODE § 33-1019 GUIDANCE

School Building Maintenance



IDAHO STATE DEPARTMENT OF EDUCATION
DIVISION OF PUBLIC SCHOOL FINANCE

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SUMMARY OF IDAHO CODE § 33-1019

During the 2006 Legislative Session, House Bill 743 created Idaho Code § 33-1019 to ensure students attend school in safe facilities. During the 2007 Legislative Session, House Bill 183 amended Idaho Code § 33-1019. The changes were retroactive to July 1, 2006.

The information provided below is based on our understanding of Idaho Code § 33-1019 — Allocation for School Building Maintenance Required. For purposes of this document, school district means a school district or a charter school. (Updated January 2018)

If you have further questions, please contact Julie Oberle at (208) 332-6840 or JOberle@sde.idaho.gov.

The following is a summary of Idaho Code § 33-1019:

- School districts must *allocate* dollars for student-occupied school building maintenance and repairs equal to two percent of the replacement value of their student occupied buildings. (Originally, dollars were to be *deposited* to a school building maintenance fund. This deposit is no longer required.)
- The replacement value is calculated by multiplying the school district's student-occupied square footage by a dollar value determined annually by the Joint Finance and Appropriations Committee (JFAC). The amount was \$80.00 for FY 2007 and \$81.45 for FY 2008 through FY 2015.
- Dollars allocated for school building maintenance are to be used exclusively for the maintenance and repair of school buildings or any serious or imminent safety hazard on the property of said school buildings as identified pursuant to Chapter 80, Title 39, Idaho Code.
- If expenditures for school building maintenance and repairs are less than the two percent allocation, the unexpended portion of the allocated dollars must be carried forward to future school years and remain allocated for the purposes of Idaho Code § 33-1019(3).
- Any school district expending more than four percent of the replacement value of school buildings for qualified maintenance and repairs in any single fiscal year may apply the excess as a credit against the two percent requirement of this section until such credit is depleted or fifteen years have expired.
- The square footage of school buildings less than one year old on the first day of school shall not be used in the replacement value calculation.
- School districts must submit a School Building Maintenance Report annually to the SDE.

FREQUENTLY ASKED QUESTIONS

Allocation of School Facility Maintenance and Repair Fund/Accounting Changes

I thought we had to set up specific funds to comply with Idaho Code § 33-1019...

Originally, House Bill 743 (2006 Legislative Session) required that school districts annually *deposit* money into a *school building maintenance fund* equal to at least two percent of the replacement value of school buildings, less the deposit of lottery dollars and any state match dollars the district may have received. There was no school building maintenance fund in IFARMS, so two new funds were created, Fund 240 and Fund 430. Fund 240 became the School Building Maintenance (Student-Occupied) Fund and Fund 430 became the Plant Facilities - School Building Maintenance (Student-Occupied) Fund.

House Bill 183 (2007 Legislative Session) eliminated the requirement to deposit funds into a school building maintenance fund. Instead, school districts are now required to allocate dollars equal to at least two percent of the replacement value of school buildings.

Are there certain function codes we should be using?

Yes. It is important to be able to track your spending on qualified maintenance and repairs. To accomplish this, we have added two new function codes and revised two others.

The two new function codes include:

- Function Code 663 - Maintenance – Non-Student-Occupied Buildings (and Student Occupied Non-Qualifying Expenditures)
- Function Code 811 – Capital Assets Program – Non-Student-Occupied Buildings (and Student-Occupied Non-Qualifying Expenditures)

The two revised function codes include:

- Function Code 664 – Maintenance - Student-Occupied Buildings
- Function Code 810 – Capital Assets Program – Student-Occupied Buildings

Function Codes 664 and 810 should only be used for qualifying maintenance and repairs to student-occupied buildings. If a non-qualifying repair is done, or the building is not student-occupied, please use Function Codes 663 and 811.

Should we be using a specific revenue code when recording our lottery and additional state match dollars?

Yes. Revenue Code 437000 – Lottery/Additional State Maintenance should be used to record the deposit of lottery dollars and any additional state match dollars received by the school district. This revenue code was added in FY 2007.

Does it matter which fund we use to deposit the lottery and state match dollars?

No. We recommend the lottery and additional state match dollars be deposited into whichever fund the dollars will be expended from for qualifying maintenance and repairs. This will generally be the general fund.

Do we still need a Fund 240?

That is up to you. House Bill 183 eliminated the requirement to deposit funds directly into a school facility maintenance fund. If you do not expend the full two percent of your allocation, you might consider keeping Fund 240 or Fund 430. The unexpended allocated dollars (the difference between your two percent allocation and what you actually spent) must be carried forward and reserved for qualified expenditures in future years. The unexpended allocated dollars can be reserved in any governmental fund. It may be easier to explain to your patrons that the reserved fund balance in Fund 240 can only be used for qualifying school facility maintenance and repairs.

Carry Forward of Excess Expenditures

If I spend more than two percent on qualifying maintenance and repairs, can I use the “extra” expenditures to reduce my allocation for the following year?

Maybe. Idaho Code § 33-1019 allows any school district expending more than four percent of the replacement value of school buildings for qualifying school building maintenance in any single fiscal year to apply the excess as a credit against the two percent requirement until such credit is depleted or fifteen years have expired. If the total qualifying expenditures are greater than the two percent required, but less than four percent, no expenditures dollars may be carried forward to reduce a future year allocation.

What if I spend more than two percent on qualifying maintenance and repairs but less than four percent AND I have a carry forward of unspent allocated dollars from the prior year?

Once you have spent an amount equal to two percent of the replacement value of your student-occupied buildings in a fiscal year, any additional expenditures can be used to reduce the amount of unspent allocated dollars carried forward from the prior year. For example, say you carried forward unspent allocated dollars from FY 2016 of \$50,000 into FY 2017. Further, say your FY 2017 two percent allocation was \$300,000 and your total qualifying expenditures were \$375,000. Once you satisfied the current year requirement of \$300,000, any additional dollars could be “pulled” from the unspent allocated dollars reserved from the prior fiscal year(s). The net result would be that your “excess” expenditures of \$75,000 would reduce to zero your balance of unspent dollars carried forward from FY 2016. At the end of FY 2017, there would be no carry forward of unspent allocated dollars and no carry forward of “excess” dollars.

If my two percent allocation was \$325,000 for FY 2016 and I spent \$700,000 on qualifying repairs and maintenance, how much can I carry forward to reduce my FY 2017 required allocation? (My student-occupied square footage is 199,509 square feet.)

You may carry forward \$50,000. To determine your carry forward amount, you have to first determine your four percent “floor” by multiplying the replacement value of your student occupied buildings [square footage (199,509) x replacement value (\$81.45 in FY 2016) = \$16,250,008] by four percent. For FY 2016, your “floor” would be \$650,000 (\$16,250,008 x 4%). Any qualifying expenditures over \$650,000 may be carried forward and be used to reduce a future year maintenance requirement. The dollars may be carried forward for up to fifteen years.

Do I have to use the carry forward amount the next year?

No. You may carry forward qualifying “excess” expenditures for up to fifteen years.

Carry Forward of Unspent Allocated Dollars

Our two percent allocation requirement was \$300,000, but we only spent \$250,000 on qualifying expenditures. What happens now?

You must reserve \$50,000 for future qualifying repairs and maintenance. Idaho Code § 33-1019 requires that allocated dollars that were not expended during the fiscal year be carried forward into the next fiscal year. These funds must remain allocated for qualifying repairs and maintenance.

Can I use the prior year's allocated dollars that I carried forward to reduce my two percent requirement this fiscal year?

No. Idaho Code § 33-1019 requires school districts *annually* allocate dollars for school building maintenance in an amount equal to at least two percent of the replacement value of school buildings. This allocation may not include dollars allocated but not spent in prior years.

Should we reserve the unspent funds in any particular fund?

That is up to you. House Bill 183 eliminated the requirement to deposit funds directly into a school facility maintenance fund. If you do not expend the full two percent of your allocation, you might consider using Fund 240 or Fund 430 to reserve the unspent funds. The unexpended allocated dollars (the difference between your two percent allocation and what you actually expended) must be carried forward and reserved for qualified expenditures in future years. This reserved fund balance can be in any governmental fund. It may be easier to explain to your patrons that any reserved fund balance in Fund 240 or Fund 430 may only be used for qualifying school facility maintenance and repairs.

Is there a specific time frame whereby I have to reserve unspent allocated dollars?

The funds must be reserved by June 30 of that fiscal year.

Serious and Imminent Safety Hazards

What is a serious or imminent safety hazard?

Idaho Code § 39-8004 defines a serious safety hazard as a condition that presents an unreasonable health risk or risk of injury to occupants of a building. That same code section defines an imminent safety hazard as a condition that presents an unreasonable risk of death or serious bodily injury to occupants of a building.

How is a serious or imminent safety hazard identified?

The process of identifying whether a hazard qualifies as a serious and/or imminent safety hazard begins with notifying the Division of Building Safety of the potential hazard. The Division of Building Safety will then review the situation and, if necessary, contract with a licensed professional to independently evaluate the condition. Once the condition has been evaluated, a report is given to the Division of Building Safety classifying the severity of the problem. The Division of Building Safety will then work with the local school board and superintendent to remedy the problem. Historically, very few problems have been classified as serious or imminent. Please see Idaho Code § 33-8008 for further information on school building safety inspections.

During my annual safety inspection, the inspector said a problem was very serious and/or an imminent safety hazard. Is this declaration sufficient?

No. Idaho Code § 33-1019 specifically states that serious or imminent safety hazards on the property must be identified pursuant to Chapter 80, Title 39, Idaho Code. This section of Idaho Code states that the administrator of the Division of Building Safety will be responsible for identifying hazards. If, during your annual safety inspection, an issue believed to be a serious or imminent safety hazard is found, immediately contact the Division of Building Safety to begin the process of officially having the issue declared a serious or imminent safety hazard.

Why can't my school board declare a problem to be a serious or imminent safety hazard?

Idaho Code § 33-1019 specifically states that serious or imminent safety hazards on the property must be identified pursuant to Chapter 80, Title 39, Idaho Code. This section of Idaho Code states that the administrator of the Division of Building Safety will be responsible for

identifying hazards. If your school board believes a serious or imminent safety hazard exists, they should immediately contact the Division of Building Safety.

How often is an issue declared a serious or imminent safety hazard by the Division of Building Safety?

It is very rare. It is my understanding that there are multiple levels an issue can be rated. The two “worst” categories are a Serious Hazard and an Imminent Safety Hazard. I can only recall one instance in the past several years where a school’s issue was serious enough for it to be declared a serious or imminent safety hazard by the Division of Building Safety.

Calculation of Square Footage

How do we calculate our square footage?

Each school district is responsible for determining the square footage of its student-occupied buildings. The square footage of all school buildings that are owned or leased through a lease purchase agreement and are regularly occupied by students must be included. If *any* portion of a building is occupied by students, the square footage for the entire building must be included.

When and who do we send the square footage information to?

Julie Oberle will be collecting updated square footage information from each school district annually. Watch for an email sent around early June requesting this information.

We are building a new school that will be occupied by students when it is completed. We hope to be done by January. Do we include the estimated square footage in our total reported to the SDE for that school year?

No. Only student-occupied square footage in buildings older than one year on the first day of school should be included. (This is a change from the original House Bill 743.) Say the building is completed in January 2016. The square footage would be excluded for the FY 2017 school year as well because it will be less than one year old on the first day of school for the 2016-2017 school year.

Do we have to include the square footage of our bus barn? We only have one shop class in that building.

Yes. Since the building is regularly occupied by students attending shop class, the entire square

footage of the bus barn must be included. Remember, all repairs and maintenance to any portion of the bus barn are qualifying expenditures since the square footage has been reported to the SDE as student-occupied.

We have a concession stand in our football stadium. Concessions are sold by student groups and their parents as a fundraiser. Do we need to include that square footage in our student occupied total we report to you?

No. The building is not being used for academic purposes.

Additional State Match/Lottery Money

Will we receive money in addition to the lottery payment we receive in August?

Maybe. Sections 1 and 2 of Idaho Code § 33-1019 explain the state match calculation. The calculation is made as follows:

- Divide one (1) by your school district's value index for the fiscal year (calculated each August by SDE) [Charter Schools are assigned a value index of one (1).]
- Multiply the result by ½ of one percent (0.5%) of the replacement value of school buildings (student-occupied square footage multiplied by the replacement value set annually by JFAC. (\$81.45 for FY 2009 through FY 2018)
- This amount is then compared to your lottery distribution. If your lottery distribution is larger than this calculated dollar amount, you will receive no additional state match. **If the amount calculated in (b) above is greater than your lottery distribution, the difference is your "additional" state match and will be distributed by the SDE to your school district or charter school.**

When will the additional money be distributed to qualifying districts?

A specific date was not included in Idaho Code § 33-1019. To calculate the state match, we need to know the amount of lottery dollars paid to each school district and the Bond Levy Equalization Value Index for each school district. Historically, the additional state match distribution has been made in late fall.

Where will we deposit the lottery payment and the additional state match money?

Revenue Code 437000 – Lottery/Additional State Maintenance should be used to record the deposit of lottery dollars and any additional state match dollars received by the school district. We recommend the lottery and additional state match dollars be deposited into whichever

fund the dollars will be expended from for qualifying maintenance and repairs. This will be the General Fund for most school districts.

Are you saying we must spend lottery dollars on qualifying repairs and maintenance of student-occupied buildings?

Yes. Idaho Code § 33-905(5) states that lottery payments shall be used by the school district for the purposes authorized in Idaho Code § 33-1019.

What is the BLE Value Index? How do I determine my BLE Value Index?

The Bond Levy Equalization (BLE) Value Index is a ratio calculated by the SDE, as required by Idaho Code § 33-906B, to provide a subsidy to school districts passing bond issues after September 15, 2002. The subsidy is based on a formula that provides a subsidy to school districts. The subsidy decreases as the fiscal abilities of a school district increases. The three factors that determine fiscal ability are: the adjusted market value per support unit (50%), the county unemployment rate (25%), and the county per capita income (25%). For purposes of this calculation, charter schools are assigned a value index of one (1) (Idaho Code, Section 33-1019).

Spending the Money – General Questions

Is there a specific date that we must make the two percent (2%) transfer?

No. This transfer is no longer necessary. House Bill 183 eliminated the need to transfer funds equaling two percent of the replacement value of school buildings into a school maintenance fund. Now, school districts must “allocate” funds equal to two percent of the replacement value of student-occupied buildings for school building maintenance and repairs.

Now that we have allocated two percent for school building maintenance and repair, what can we spend it on?

Idaho Code § 33-1019 requires school districts allocate dollars equal to two percent of the replacement value of their student occupied building for the maintenance and repair of school buildings. This section also states that the money shall be utilized first to abate serious or imminent safety hazards as identified pursuant to Chapter 80, Title 39 of Idaho Code. If you have no serious or imminent safety hazards, the money must be expended for qualifying general maintenance and repair of student-occupied school buildings.

Can we record revenues and expenditures in Fund 240?

Yes, but we encourage school districts to use the General Fund 100 for expenditures related to the general operation of the school district. We will “pull” all expenditures coded to Function Codes 664 and 810 in any governmental fund (100-600) when determining the qualifying expenditures for a school district when populating the School Building Maintenance Report.

How do we know if an activity should be classified as Custodial or Maintenance?

The IFARMS manual describes *Custodial* as the programs concerned with the daily custodial needs and the utility services for all school buildings in the district. *Maintenance* is described as the activities concerned with the physical maintenance of buildings, i.e. the annual repairs, modifications, and improvements necessary to provide safe facilities and equipment for the school programs.

The National Center for Educational Statistics further defines maintenance as those activities associated with keeping buildings at an acceptable level of efficiency through repairs and preventative maintenance.

Perhaps a further test would be to determine what the activity is accomplishing. If it is satisfying a daily need, it is custodial. If it is an activity that is performed on a seldom or infrequent basis, it is preventative maintenance.

Spending the Money – Specific Examples

Can custodians be coded to Function Code 664 – Maintenance of Student-Occupied Buildings?

That depends. If the custodians are performing custodial type duties, then no, their time should be coded to Function Code 661 – Buildings – Care Program (Custodial). However, if the custodians are also performing repair and maintenance duties at student-occupied buildings, then the portion of their time spent on maintenance activities can be coded to Function Code 664.

Many business managers work with their head custodian and maintenance person to determine a “reasonable” allocation of time that custodians spend during the year on qualifying maintenance and repair projects rather than custodial duties, if any. For example, custodians may be redirected during holiday and spring breaks to refinish floors in student-occupied buildings. The time spent by custodial workers on this project could be coded to Function Code 664. Deep cleaning during the summer months and refinishing the gym floor would also be

allowable maintenance activities. Time spent irrigating or mowing the fields would not be allowable.

We believe our sidewalks, parking lot, and our outdoor bleachers have serious safety issues. Can we use the School Building Maintenance money for these repairs?

Maybe. A declaration by your superintendent, your school board or even your building inspector during the annual building inspection that a hazard is a serious or imminent safety hazard is not sufficient. The safety issue(s) must be declared a serious or imminent safety hazard by the Division of Building Safety. Once you have received this declaration, repairs to fix the serious or imminent safety hazard on the property of the school are qualified expenditures and should be coded to either Function Code 664 or 810.

If, after a review by the Division of Building Safety, the safety issue is not declared to be a serious or imminent safety hazard, expenditures to correct the issue would not be a qualifying school facility maintenance and repair activity and therefore would not be coded to Function Codes 664 or 810.

We have a covered seating area attached to the building. Can we use School Building Maintenance money for maintenance and repairs?

Maybe. Since the seating area is not within the four walls of a building, the expenditures could qualify only if the repairs are necessary to correct a serious or imminent safety hazard identified by the Division of Building Safety.

Can we use School Building Maintenance money for repairs to our playground equipment and grounds? Students use those during recess and lunch.

Maybe. If the repairs are necessary to correct a serious or imminent safety hazard identified by the Division of Building Safety, then the expenditures would qualify.

Can we use School Building Maintenance money for the salary and benefits of our technology person, who is responsible for maintaining the technology related wiring within our schools?

No. This type of “maintenance” does not qualify as the maintenance and repair of school buildings.

Can we use School Building Maintenance money for repairs to equipment inside the building? We have boilers and air-conditioning units needing repair.

Yes. Repairs and maintenance to equipment within student-occupied buildings are eligible expenditures.

Can we use School Building Maintenance money for repairs to equipment located in a non-student occupied building that is essential to the operation of a student-occupied building? Our boiler is located in a separate building.

Yes.

99% of our maintenance worker’s time is spent on student-occupied buildings. Is it reasonable to code all of his time to Function Code 664, Maintenance – Buildings and Equipment (student occupied)?

Yes. However, if the 99% allocation changes and the maintenance worker spends a significant amount of time working on an unexpected project at a non-student occupied building, the time spent on that project should be coded to Function Code 663 – Maintenance – Buildings and Equipment (non-student occupied).

Would qualifying maintenance and repairs include the travel expenditures of our maintenance workers as they travel from building to building? Some of our buildings are thirty or more miles apart.

Yes. If the travel expenditures are necessary and directly related to maintenance workers performing their job duties, we believe a school district could reasonably code these expenditures to Function Code 664.

Would qualifying maintenance and repairs include the costs of training of our maintenance workers? What about the costs related to them attending training seminars?

Most likely, yes. If the expenditures are reasonable and necessary for the maintenance workers to perform their job duties, the expenditures are qualifying repairs and maintenance.

School Building Maintenance Report

When is the School Building Maintenance Report due?

The School Building Maintenance Report is due to the SDE by no later than the third Friday in December. The actual due date will vary from school to school based on when the report is emailed to you. Because the report is partially prepopulated with data already submitted by your district, including your square footage and expenditures coded to Function Codes 664 and 810, the report is emailed to you after your IFARMS Annual Financial Report (due October 31) has been received and reviewed. A due date specific to your school will be included in the email and on the report.

Where do I find the School Building Maintenance Report?

The School Building Maintenance Report will be emailed to you once your IFARMS Annual Financial Report (due October 31) has been received and reviewed by School Finance staff. After this review, the School Building Maintenance Report is prepopulated with your allowable expenditures using your IFARMS Annual Financial Report data and is emailed to the Business Manager.

Does the report have to be signed by my Superintendent/Charter Administrator?

Yes. If your Superintendent or Charter Administrator is not available, the Board Chairman's signature is also acceptable.

What are the most common problems you see with completed School Building Maintenance Reports?

The two most common problems we see is Section 4 being left blank and the report not being signed by the Superintendent. While much of the report is prepopulated, schools must add a description of the projects for which dollars were expended in that fiscal year and the planned school building maintenance projects for the following fiscal year to Section 4. Please be sure to add these descriptions to Section 4 and have your Superintendent sign the report prior to its submittal.

Why do I have to do a School Building Maintenance Report?

The report is required by Idaho Code § 33-1019(6).

What do you do with the information included in my School Building Maintenance Report?

Per Idaho Code § 33-1019(6), the SDE “shall transmit a summary of such reports to the legislature....” A summary of each school’s expenditures and projects (for both that fiscal year and the upcoming fiscal year) is compiled based off information in the School Building Maintenance Report and shared with the Legislature.

Can you help me complete the School Building Maintenance Report?

Absolutely. We would be happy to walk you through completing the report. Call Julie Oberle at (208) 332-6840.

Other Questions

We just passed a bond to build new schools and to cover maintenance projects of existing school buildings for the next several years. Can I include the bond’s maintenance projects towards meeting the two percent requirement?

Yes. Any qualifying expenditures coded to Function Code 664 or 810 will “count” towards the two percent requirement. When we “prepopulate” your School Building Maintenance Report with your eligible expenditures, we pull all expenditures coded to Function Codes 664 and 810 in your Funds 100-600.

We used a municipal financing lease to replace roofs and fund major maintenance concerns for student-occupied buildings. Can we use School Facility Maintenance Funds to pay the lease payments?

No. Only qualifying expenditures coded to Function Code 664 or 810 will qualify towards satisfying the two percent match requirement.

Can school facility maintenance and repair dollars be used to purchase or rent modular classrooms if overcrowding is a documented safety issue by the Department of Building Safety?

No. Idaho Code § 33-1019 (3) states the dollars allocated for school building maintenance shall be used exclusively for the maintenance and repair of student-occupied school buildings or any serious or imminent safety hazard on the property of said school buildings as identified by the Division of Building Safety.

Where can I find Idaho Code § 33-1019?

In general, Idaho Statutes can be found online by doing a Google search for Idaho Legislature Idaho Code § 33-1019.

Need More Information?

Contact Julie Oberle at the State Department of Education at (208) 332-6840 or via email at JAOberle@sde.idaho.gov with any questions you may have.