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**SENATE BILL 5978**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Senators Robinson and Nobles

AN ACT Relating to the authority of the office of the superintendent of public instruction to act as a guarantor for a county when the county provides a loan to a school district; adding a new section to chapter 28A.505 RCW; and making an appropriation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  A new section is added to chapter 28A.505 RCW to read as follows:

(1) The office of the superintendent of public instruction is authorized to act as a guarantor for a county that has agreed to provide a loan to a school district that is on binding conditions pursuant to RCW 28A.505.110 and facing long-term financial distress.

(2) The office of the superintendent of public instruction must adopt rules to implement this section. The rules must include:

(a) A process for how the office of the superintendent of public instruction will determine whether it will act as a guarantor for a county; and

(b) A process for enhanced financial oversight if a school district defaults on its loan with a county. Enhanced financial oversight must be in place for at least a year, and the office of the superintendent of public instruction may choose to extend this oversight beyond a year.

(i) Enhanced financial oversight must include a school district submitting a viable two-year financial plan to the office of the superintendent of public instruction within 45 days of a default. The financial plan must include estimates of revenue, expenditures, enrollment, staffing, and cash flow projections.

(ii) Enhanced financial oversight may include, but is not limited to, the following:

(A) A school district not approving any new contracts or not approving changes or renewals to any existing contracts without obtaining prior written approval from the office of the superintendent of public instruction;

(B) The office of the superintendent of public instruction appointing a special administrator that will oversee and carry out financial conditions set by the office of the superintendent of public instruction;

(C) The office of the superintendent of public instruction having final approval authority regarding whether administrators should be retained, released, or reassigned duties, as allowed by personnel and other previously entered into legal agreements; and

(D) The office of the superintendent of public instruction approving or directing changes to the school district's two-year financial plan to ensure it is viable and sustainable such as the liquidation or disposition of the school district's fixed assets and contractual liabilities by any reasonable and documented method.

(3) Nothing in this section requires the office of the superintendent of public instruction to implement any of the actions listed in subsection (2)(b)(ii) of this section.

NEW SECTION. **Sec.**  The sum of $10,000,000, or as much thereof as may be necessary, is appropriated for the fiscal year ending June 30, 2025, from the general fund to the office of the superintendent of public instruction for the purposes of this act. The appropriation in this section is subject to the following conditions and limitations:

(1) Contingent guarantor funding is provided solely for when the office of the superintendent of public instruction acts as a guarantor for a county under section 1 of this act and a school district defaults on its loan with the county. To be eligible for these funds, a request letter for contingent guarantor funding signed by the affected county must be submitted to the office of financial management and the appropriate legislative fiscal and education committees. The request must include a statement describing the school district's default and long-term financial distress.

(2) For emergencies occurring during a legislative session, an affected county must notify the legislative fiscal and education committees before requesting the contingent guarantor funds from the office of financial management.

(3) The office of financial management must notify the legislative evaluation and accountability program committee and the legislative fiscal and education committees as contingent guarantor funding is approved and include what funded level was approved.

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