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**SENATE BILL 5978**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** Senators Robinson and Nobles

Prefiled 01/04/24. Read first time 01/08/24. Referred to Committee on Early Learning & K-12 Education.

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

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 28A.505  
7 RCW to read as follows:

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

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

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

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

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

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

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

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

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

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

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

28 NEW SECTION. **Sec. 2.** The sum of \$10,000,000, or as much thereof  
29 as may be necessary, is appropriated for the fiscal year ending June  
30 30, 2025, from the general fund to the office of the superintendent  
31 of public instruction for the purposes of this act. The appropriation  
32 in this section is subject to the following conditions and  
33 limitations:

34 (1) Contingent guarantor funding is provided solely for when the  
35 office of the superintendent of public instruction acts as a  
36 guarantor for a county under section 1 of this act and a school  
37 district defaults on its loan with the county. To be eligible for  
38 these funds, a request letter for contingent guarantor funding signed  
39 by the affected county must be submitted to the office of financial

1 management and the appropriate legislative fiscal and education  
2 committees. The request must include a statement describing the  
3 school district's default and long-term financial distress.

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

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

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