

SHB 1431 - S COMM AMD  
By Committee on Ways & Means

ADOPTED 04/08/2011

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The superintendent of public  
4 instruction shall convene educational service districts to analyze  
5 options and make recommendations for a clear legal framework and  
6 process for dissolution of a school district on the basis of financial  
7 insolvency.

8 (2) The analysis must include, but not be limited to:

9 (a) A definition of financial insolvency;

10 (b) A time frame, criteria, and process for initiating a  
11 dissolution of an insolvent school district;

12 (c) Roles and responsibilities of the office of the superintendent  
13 of public instruction, educational service districts, and regional  
14 committees on school district organization; and

15 (d) Recommendations for how to address such issues as:

16 (i) Limiting a school board's ability to incur additional debt  
17 during the dissolution process;

18 (ii) Terminating staff contracts expeditiously;

19 (iii) Liquidation of liabilities;

20 (iv) Waiving requirements of the school accounting manual;

21 (v) Clarifying effective dates of transfers of property for  
22 taxation purposes;

23 (vi) Dealing with bonded indebtedness; and

24 (vii) Circumstances that require approval of voters in either the  
25 annexing school district or the dissolving school district, or both.

26 (3) In conducting the analysis, the educational service districts  
27 must consult with individuals with legal and financial expertise.

28 (4) As part of their report, the educational service districts may  
29 recommend a financial early warning system for consistent, early  
30 identification of school districts with potential fiscal difficulties.

1 (5) The superintendent of public instruction must submit a final  
2 report and recommendations to the governor and the education and fiscal  
3 committees of the legislature by January 5, 2012. The recommendations  
4 must specifically address amendments to current law as well as propose  
5 new laws as necessary.

6 NEW SECTION. **Sec. 2.** If specific funding for the purposes of this  
7 act, referencing this act by bill or chapter number, is not provided by  
8 June 30, 2011, in the omnibus appropriations act, this act is null and  
9 void."

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10 On page 1, line 2 of the title, after "districts;" strike the  
11 remainder of the title and insert "and creating new sections."

EFFECT: Requires the Superintendent of Public Instruction to  
convene the Educational Service Districts to come up with a legal  
framework and process for dissolution. Requires the Superintendent of  
Public Instruction to submit a final report rather than the Educational  
Service Districts.

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