
SUBSTITUTE HOUSE BILL 1431

State of Washington

62nd Legislature

2011 Regular Session

By House Education (originally sponsored by Representatives Anderson and Haigh)

READ FIRST TIME 02/17/11.

1 AN ACT Relating to addressing financial insolvency of school
2 districts; and creating new sections.

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

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

- 1 (iv) Waiving requirements of the school accounting manual;
2 (v) Clarifying effective dates of transfers of property for
3 taxation purposes;
4 (vi) Dealing with bonded indebtedness; and
5 (vii) Circumstances that require approval of voters in either the
6 annexing school district or the dissolving school district, or both.

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

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

12 (5) The educational service districts must submit a final report
13 and recommendations to the governor and the education and fiscal
14 committees of the legislature by January 5, 2012. The recommendations
15 must specifically address amendments to current law as well as propose
16 new laws as necessary.

17 NEW SECTION. **Sec. 2.** If specific funding for the purposes of this
18 act, referencing this act by bill or chapter number, is not provided by
19 June 30, 2011, in the omnibus appropriations act, this act is null and
20 void.

--- END ---