Withholding for repayment of federal moneys—Payment of withheld basic education allocations. Moneys withheld pursuant to WAC 392-121-540 shall be restored to the school district or charter school or paid to the federal government as provided in this section.

(1) If the school district or charter school repays disallowed costs plus accrued interest to the federal government or commits to an acceptable repayment plan before the close of the state biennium in which withholding occurred the superintendent of public instruction shall restore withheld moneys to the school district's or charter school's basic education allocation.

(2) If the school district or charter school does not repay or commit to repay pursuant to subsection (1) of this section, the superintendent of public instruction shall request the legislature for reappropriation of basic education moneys for the purpose of repaying the federal government. The requested reappropriation shall include amounts for interest accruing on disallowed costs up to the anticipated date of repayment to the federal government.

(3) Upon reappropriation of moneys pursuant to subsection (2) of this section, the superintendent of public instruction shall pay an amount equal to the disallowed costs plus accrued interest to the federal government.