

**RCW 28A.315.221 Financial oversight committee—Membership—Review of financially insolvent districts—Enhanced financial monitoring—Rules.** (1) The superintendent of public instruction shall convene a financial oversight committee:

(a) At the request of the board of directors of a financially insolvent district;

(b) When the superintendent of public instruction determines a district is financially insolvent, after first consulting with the educational service district where the district is located and notifying the district the committee will be convened; or

(c) When a district has been on binding conditions pursuant to RCW 28A.505.110 for two consecutive years and does not have a satisfactory financial plan.

(2) The financial oversight committee comprises two representatives from the office of the superintendent of public instruction, one representative from an educational service district where a financially insolvent school district is not located, and one nonvoting representative from the educational service district where the financially insolvent school district is located.

(3) The financial oversight committee shall review the financial condition of a financially insolvent school district. In conducting its review, the committee shall hold a public hearing in the financially insolvent school district or educational service district in order to receive public comment on any proposed financial plans. If the financial oversight committee feels that dissolution of the financially insolvent school district is a valid option, it shall receive input at the public hearing on options for dissolving said school district.

(4) After holding a public hearing as provided in subsection (3) of this section, the financial oversight committee must make a recommendation to the superintendent of public instruction to either dissolve a financially insolvent school district or to place a district under enhanced financial monitoring to reduce the risk of dissolution due to insolvency. The superintendent of public instruction must implement financial oversight committee recommendations via enhanced financial oversight, which will be monitored by the educational service district.

(5) Enhanced financial oversight may include, but is not limited to, the following types of actions, which the superintendent of public instruction is expressly authorized to implement and enforce:

(a) Appointment of a special administrator to oversee and carry out financial conditions imposed on the district as recommended by the financial oversight committee;

(b) Review, approval, and limitations on a school district's authority to enter into contracts;

(c) Review, approval, and limitations on hiring and personnel actions; and

(d) Liquidation or disposition of fixed assets and contractual liabilities by any reasonable and documented method provided the liquidation or disposition of fixed assets and contractual liabilities is reasonably necessary before filing a dissolution petition.

(6) Any new, amended, or renewed contract entered into by a school district that is subject to enhanced financial monitoring that has not been approved by the educational service district or special administrator, or that is inconsistent with conditions imposed on the district pursuant to this section, is null and void.

(7) Any action taken by a school district subject to enhanced financial monitoring that is likely to affect the district's finances is null and void if the action was not approved by the educational service district or special administrator or if the action is inconsistent with conditions imposed on the district pursuant to this section.

(8) The superintendent of public instruction shall adopt rules to carry out the provisions in this section, which may include, but are not limited to, identifying the responsibilities and authority of the financial oversight committee, the educational service district, the special administrator, and the school district and the implementation of enhanced financial oversight. [2012 c 186 § 8.]

**Effective date—2012 c 186:** See note following RCW 28A.315.025.