

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2617

Chapter 186, Laws of 2012

62nd Legislature
2012 Regular Session

SCHOOL DISTRICTS--FINANCIAL INSOLVENCY

EFFECTIVE DATE: 09/01/12

Passed by the House March 3, 2012
Yeas 96 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate February 29, 2012
Yeas 45 Nays 3

BRAD OWEN

President of the Senate

Approved March 29, 2012, 7:20 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2617** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

March 29, 2012

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2617

AS AMENDED BY THE SENATE

Passed Legislature - 2012 Regular Session

State of Washington 62nd Legislature 2012 Regular Session

By House Education Appropriations & Oversight (originally sponsored by Representatives Anderson and Haigh; by request of Superintendent of Public Instruction)

READ FIRST TIME 02/06/12.

1 AN ACT Relating to school district financial insolvency; amending
2 RCW 28A.315.025, 28A.315.065, 28A.315.095, 28A.315.195, 28A.315.205,
3 28A.315.215, 28A.315.225, 28A.315.265, 28A.315.285, 28A.315.305,
4 28A.315.315, 28A.343.040, 84.09.030, 84.52.053, 39.64.040, 28A.400.300,
5 and 28A.645.010; adding new sections to chapter 28A.315 RCW; adding a
6 new section to chapter 28A.405 RCW; adding a new section to chapter
7 41.56 RCW; adding a new section to chapter 41.59 RCW; and providing an
8 effective date.

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

10 **Sec. 1.** RCW 28A.315.025 and 2006 c 263 s 505 are each amended to
11 read as follows:

12 As used in this chapter:

13 (1) "Change in the organization and extent of school districts"
14 means the formation and establishment of new school districts, the
15 dissolution of existing school districts, the alteration of the
16 boundaries of existing school districts, or all of them.

17 (2) "Regional committee" means the regional committee on school
18 district organization created by this chapter.

1 (3) "School district" means the territory under the jurisdiction of
2 a single governing board designated and referred to as the board of
3 directors.

4 (4) "Educational service district superintendent" means the
5 educational service district superintendent as provided for in RCW
6 28A.310.170 or his or her designee.

7 (5) "Financial oversight committee" means a committee convened
8 pursuant to section 8 of this act.

9 (6) "Financially insolvent district" means a school district that:

10 (a) Has been on binding conditions pursuant to RCW 28A.505.110 for
11 two consecutive years and is unable to prepare a satisfactory financial
12 plan; or

13 (b) Is reasonably foreseeable and likely to have a deficit general
14 fund balance within three years and is unable to prepare a satisfactory
15 financial plan.

16 (7) "Satisfactory financial plan" means a plan approved by the
17 superintendent of public instruction and the educational service
18 district where a school district is located demonstrating the school
19 district will have an adequate fund balance at the end of the plan
20 period relying on:

21 (a) Currently available revenue streams provided by federal, state,
22 or local resources; or

23 (b) Other revenue streams determined reasonably reliable by the
24 educational service district where the school district is located.

25 **Sec. 2.** RCW 28A.315.065 and 1999 c 315 s 204 are each amended to
26 read as follows:

27 ~~((1))~~ Any district boundary changes shall be ~~((submitted to))~~
28 filed for recording with the county auditor by the educational service
29 district superintendent within thirty days after the changes have been
30 approved in accordance with this chapter. The superintendent shall
31 submit both legal descriptions and maps. District boundary changes
32 shall be effective the date specified in the educational service
33 district superintendent's order.

34 ~~((2) Any boundary changes submitted to the county auditor after~~
35 ~~the fourth Monday in June of odd numbered years does not take effect~~
36 ~~until the following calendar year.))~~

1 **Sec. 3.** RCW 28A.315.095 and 1999 c 315 s 301 are each amended to
2 read as follows:

3 The powers and duties of each regional committee are to:

4 (1) Hear and approve or disapprove proposals for changes in the
5 organization and extent of school districts in the educational service
6 districts when a hearing on a proposal has been requested under ((RCW
7 28A.315.195)) section 5 of this act;

8 (2) ~~((Act on notices and proposals from the educational service
9 district under RCW 28A.315.225;~~

10 ~~(3))~~ Make an equitable adjustment of the property and other assets
11 and of the liabilities, including bonded indebtedness and excess tax
12 levies as otherwise authorized under this section, as to the old school
13 districts and the new district or districts, if any, involved in or
14 affected by a proposed change in the organization and extent of the
15 school districts;

16 ~~((4))~~ (3) Make an equitable adjustment of the bonded indebtedness
17 outstanding against any of the old and new districts whenever in its
18 judgment such adjustment is advisable, as to all of the school
19 districts involved in or affected by any change heretofore or hereafter
20 effected, subject to the requirements in RCW 28A.315.265;

21 ~~((5))~~ (4) Provide that territory transferred from a school
22 district by a change in the organization and extent of school
23 districts, other than changes required pursuant to RCW 28A.315.225,
24 shall either remain subject to, or be relieved of, any one or more
25 excess tax levies that are authorized for the school district under RCW
26 84.52.053 before the effective date of the transfer of territory from
27 the school district;

28 ~~((6))~~ (5) Provide that territory transferred to a school district
29 by a change in the organization and extent of school districts, other
30 than changes required pursuant to RCW 28A.315.225, shall either be made
31 subject to, or be relieved of, any one or more excess tax levies that
32 are authorized for the school district under RCW 84.52.053 before the
33 effective date of the transfer of territory to the school district;

34 (6)(a) Provide that a school district that is annexing or receiving
35 territory from a financially insolvent school district pursuant to RCW
36 28A.315.225 may submit to the voters of the entire school district,
37 including the territory to be annexed or transferred, a proposition for
38 a replacement or supplemental levy pursuant to RCW 84.52.053(2)(b);

1 (b) Provide that, if an election under (a) of this subsection has
2 not occurred or has failed, territory transferred from a financially
3 insolvent school district to another school district or districts
4 pursuant to RCW 28A.315.225 must be relieved of any one or more excess
5 tax levies that are authorized for the financially insolvent school
6 district under RCW 84.52.053 before the effective date of the transfer
7 of territory from the financially insolvent school district;

8 (c) Provide that, if an election under (a) of this subsection has
9 not occurred or has failed, territory transferred from a financially
10 insolvent school district to another school district or districts
11 pursuant to RCW 28A.315.225 must be made subject to any one or more
12 excess tax levies that are authorized for the receiving school district
13 or districts under RCW 84.52.053 before the effective date of the
14 transfer of territory to the receiving school district or districts;

15 (7) Establish the date by which a committee-approved transfer of
16 territory shall take effect;

17 (8) Hold and keep a record of a public hearing or public hearings
18 (a) on every proposal for the formation of a new school district or for
19 the transfer from one existing district to another of any territory in
20 which children of school age reside or for annexation of territory when
21 the conditions set forth in RCW ~~((28A.315.290 — or — 28A.315.320))~~
22 28A.315.225 prevail; and (b) on every proposal for adjustment of the
23 assets and of the liabilities of school districts provided for in this
24 chapter. Three members of the regional committee or two members of the
25 committee and the educational service district superintendent may be
26 designated by the committee to hold any public hearing that the
27 committee is required to hold. The regional committee shall cause
28 notice to be given, at least ten days prior to the date appointed for
29 any such hearing, in one or more newspapers of general circulation
30 within the geographical boundaries of the school districts affected by
31 the proposed change or adjustment. In addition notice may be given by
32 radio and television, or either thereof, when in the committee's
33 judgment the public interest will be served thereby; and

34 (9) Prepare and submit to the superintendent of public instruction
35 from time to time or, upon his or her request, reports and
36 recommendations respecting the urgency of need for school plant
37 facilities, the kind and extent of the facilities required, and the

1 development of improved local school administrative units and
2 attendance areas in the case of school districts that seek state
3 assistance in providing school plant facilities.

4 **Sec. 4.** RCW 28A.315.195 and 2008 c 159 s 1 are each amended to
5 read as follows:

6 (1) A proposed change in school district organization by transfer
7 of territory from one school district to another may be initiated by a
8 petition in writing presented to the educational service district
9 superintendent:

10 (a) Signed by at least fifty percent plus one of the active
11 registered voters residing in the territory proposed to be transferred;
12 or

13 (b) Signed by a majority of the members of the board of directors
14 of one of the districts affected by a proposed transfer of territory
15 and providing documentation that, before signing the petition, the
16 board of directors took the following actions:

17 (i) Communicated the proposed transfer to the board of directors of
18 the affected district or districts and provided an opportunity for the
19 board of the affected district or districts to respond; and

20 (ii) Communicated the proposed transfer to the registered voters
21 residing in the territory proposed to be transferred, provided notice
22 of a public hearing regarding the proposal, and provided the voters an
23 opportunity to comment on the proposal at the public hearing.

24 (2) The petition shall state the name and number of each district
25 affected, describe the boundaries of the territory proposed to be
26 transferred, and state the reasons for desiring the change and the
27 number of children of school age, if any, residing in the territory.

28 (3) The educational service district superintendent shall not
29 complete any transfer of territory under this section that involves ten
30 percent or more of the common school student population of the entire
31 district from which the transfer is proposed, unless the educational
32 service district superintendent has first called and held a special
33 election of the voters of the entire school district from which the
34 transfer of territory is proposed. The purpose of the election is to
35 afford those voters an opportunity to approve or reject the proposed
36 transfer. A simple majority shall determine approval or rejection.

1 (4) The superintendent of public instruction may establish rules
2 limiting the frequency of petitions that may be filed pertaining to
3 territory included in whole or in part in a previous petition.

4 (5) ~~((Upon receipt of the petition, the educational service
5 district superintendent shall notify in writing the affected districts
6 that:~~

7 ~~(a) Each school district board of directors, whether or not
8 initiating a proposed transfer of territory, is required to enter into
9 negotiations with the affected district or districts;~~

10 ~~(b) In the case of a citizen initiated petition, the affected
11 districts must negotiate on the entire proposed transfer of territory;~~

12 ~~(c) The districts have ninety calendar days in which to agree to
13 the proposed transfer of territory;~~

14 ~~(d) The districts may request and shall be granted by the
15 educational service district superintendent one thirty day extension to
16 try to reach agreement; and~~

17 ~~(e) Any district involved in the negotiations may at any time
18 during the ninety day period notify the educational service district
19 superintendent in writing that agreement will not be possible.~~

20 ~~(6) If the negotiating school boards cannot come to agreement about
21 the proposed transfer of territory, the educational service district
22 superintendent, if requested by the affected districts, shall appoint
23 a mediator. The mediator has thirty days to work with the affected
24 school districts to see if an agreement can be reached on the proposed
25 transfer of territory.~~

26 ~~(7) If the affected school districts cannot come to agreement about
27 the proposed transfer of territory, and the districts do not request
28 the services of a mediator or the mediator was unable to bring the
29 districts to agreement, either district may file with the educational
30 service district superintendent a written request for a hearing by the
31 regional committee.~~

32 ~~(8) If the affected school districts cannot come to agreement about
33 the proposed transfer of territory initiated by citizen petition, and
34 the districts do not request the services of a mediator or the mediator
35 was unable to bring the districts to agreement, the district in which
36 the citizens who filed the petition reside shall file with the
37 educational service district superintendent a written request for a~~

1 ~~hearing by the regional committee, unless a majority of the citizen~~
2 ~~petitioners request otherwise.~~

3 ~~(9) Upon receipt of a notice under subsection (7) or (8) of this~~
4 ~~section, the educational service district superintendent shall notify~~
5 ~~the chair of the regional committee in writing within ten days.~~

6 ~~(10) Costs incurred by school districts under this section shall be~~
7 ~~reimbursed by the state from such funds as are appropriated for this~~
8 ~~purpose.)~~ A petition to transfer territory must be processed in
9 accordance with section 5 of this act and RCW 28A.315.205.

10 NEW SECTION. Sec. 5. A new section is added to chapter 28A.315
11 RCW to read as follows:

12 (1) Upon receipt of a petition to transfer territory pursuant to
13 RCW 28A.315.195 or to dissolve a financially insolvent school district
14 pursuant to RCW 28A.315.225, the educational service district
15 superintendent shall notify in writing the affected districts that:

16 (a) Each school district board of directors, whether or not
17 initiating a proposed transfer of territory or dissolution, must enter
18 into negotiations with the affected district or districts;

19 (b) In the case of a citizen-initiated petition, the affected
20 districts must negotiate on the entire proposed transfer of territory;

21 (c) The districts have ninety calendar days in which to agree to
22 the proposed transfer of territory or to agree on the annexation of a
23 financially insolvent district;

24 (d) Districts negotiating an agreement regarding annexation of a
25 dissolving financially insolvent district may not agree to not dissolve
26 a financially insolvent district;

27 (e) The agreement between at least one contiguous district and a
28 financially insolvent district regarding the annexation of the
29 dissolving district and the distribution of assets and liabilities is
30 subject to approval by the financial oversight committee;

31 (f) The districts may request and shall be granted by the
32 educational service district superintendent one thirty-day extension to
33 try to reach agreement; and

34 (g) Any district involved in the negotiations may at any time
35 during the ninety-day period notify the educational service district
36 superintendent in writing that agreement will not be possible.

1 (2) If the negotiating school boards cannot come to agreement about
2 the proposed transfer of territory, or cannot agree how to annex a
3 financially insolvent district, the educational service district
4 superintendent, if requested by the affected districts, shall appoint
5 a mediator. The mediator has thirty days to work with the affected
6 school districts to see if an agreement can be reached on the proposed
7 transfer of territory.

8 (3) If the affected school districts cannot come to agreement about
9 the proposed transfer of territory, or cannot agree how to annex a
10 financially insolvent district, and the districts do not request the
11 services of a mediator or the mediator was unable to bring the
12 districts to agreement, any affected district may file with the
13 educational service district superintendent a written request for a
14 hearing by the regional committee.

15 (4) If the affected school districts cannot come to agreement about
16 the proposed transfer of territory initiated by citizen petition, and
17 the districts do not request the services of a mediator or the mediator
18 was unable to bring the districts to agreement, the district in which
19 the citizens who filed the petition reside must file with the
20 educational service district superintendent a written request for a
21 hearing by the regional committee, unless a majority of the citizen
22 petitioners request otherwise.

23 (5) Upon receipt of a notice under subsection (3) or (4) of this
24 section, the educational service district superintendent must notify
25 the chair of the regional committee in writing within ten days.

26 (6) Costs incurred by school districts under this section shall be
27 reimbursed by the state from such funds as are appropriated for this
28 purpose.

29 **Sec. 6.** RCW 28A.315.205 and 2008 c 159 s 2 are each amended to
30 read as follows:

31 (1) The chair of the regional committee shall schedule a hearing on
32 the proposed transfer of territory or dissolution petition at a
33 location in the educational service district within sixty calendar days
34 of being notified under ((RCW 28A.315.195 (7) or (8))) section 5(3) or
35 (4) of this act.

36 (2) Within thirty calendar days of the hearing under subsection (1)
37 of this section, or final hearing if more than one is held by the

1 committee, the committee shall issue its written findings and decision
2 to approve or disapprove the proposed transfer of territory or the
3 dissolution and annexation of a financially insolvent district. The
4 educational service district superintendent shall transmit a copy of
5 the committee's decision to the superintendents of the affected school
6 districts within ten calendar days.

7 (3) In carrying out the purposes of RCW 28A.315.015 and in making
8 decisions as authorized under RCW 28A.315.095(1), the regional
9 committee shall base its judgment upon whether and to the extent the
10 proposed change in school district organization complies with RCW
11 28A.315.015(2) and rules adopted by the superintendent of public
12 instruction under chapter 34.05 RCW.

13 (4) The rules under subsection (3) of this section shall provide
14 for giving consideration to all of the following:

15 (a) Student educational opportunities as measured by the percentage
16 of students performing at each level of the statewide mandated
17 assessments and data regarding student attendance, graduation, and
18 dropout rates;

19 (b) The safety and welfare of pupils. For the purposes of this
20 subsection, "safety" means freedom or protection from danger, injury,
21 or damage and "welfare" means a positive condition or influence
22 regarding health, character, and well-being;

23 (c) The history and relationship of the property affected to the
24 students and communities affected, including, for example, the impact
25 of the growth management act and current or proposed urban growth
26 areas, city boundaries, and master planned communities;

27 (d) Whether or not geographic accessibility warrants a favorable
28 consideration of a recommended change in school district organization,
29 including remoteness or isolation of places of residence and time
30 required to travel to and from school; and

31 (e) All funding sources of the affected districts, equalization
32 among school districts of the tax burden for general fund and capital
33 purposes through a reduction in disparities in per pupil valuation when
34 all funding sources are considered, improvement in the economies in the
35 administration and operation of schools, and the extent the proposed
36 change would potentially reduce or increase the individual and
37 aggregate transportation costs of the affected school districts.

1 (5)(a)(i) A petitioner or school district may appeal a decision by
2 the regional committee to the superintendent of public instruction
3 based on the claim that the regional committee failed to follow the
4 applicable statutory and regulatory procedures or acted in an arbitrary
5 and capricious manner. Any such appeal shall be based on the record
6 and the appeal must be filed within thirty days of the final decision
7 of the regional committee. The appeal shall be heard and determined by
8 an administrative law judge in the office of administrative hearings,
9 based on the standards in (a)(ii) of this subsection.

10 (ii) If the administrative law judge finds that all applicable
11 procedures were not followed or that the regional committee acted in an
12 arbitrary and capricious manner, the administrative law judge shall
13 refer the matter back to the regional committee with an explanation of
14 his or her findings. The regional committee shall rehear the proposal.

15 (iii) If the administrative law judge finds that all applicable
16 procedures were followed or that the regional committee did not act in
17 an arbitrary and capricious manner, depending on the appeal, the
18 educational service district shall be notified and directed to
19 implement the changes.

20 (iv) The administrative law judge shall expedite review and
21 issuance of a decision on an appeal of a decision approving the
22 dissolution and annexation of a financially insolvent district.

23 (b) Any school district or citizen petitioner affected by a final
24 decision of the regional committee may seek judicial review of the
25 committee's decision in accordance with RCW 34.05.570. Judicial review
26 of a regional committee decision approving dissolution and annexation
27 of a financially insolvent district must be expedited.

28 **Sec. 7.** RCW 28A.315.215 and 1999 c 315 s 403 are each amended to
29 read as follows:

30 (1) Upon receipt by the educational service district superintendent
31 of a written agreement by two or more school districts to the transfer
32 of territory between the affected districts, or an agreement approved
33 by the financial oversight committee regarding the annexation of a
34 financially insolvent district, the superintendent shall make an order
35 establishing all approved changes involving the alteration of the
36 boundaries of the affected districts. The order shall also establish
37 all approved terms of the equitable adjustment of assets and

1 liabilities involving the affected districts, with the effective date
2 of such alterations to the boundaries. For school districts that are
3 dissolved and annexed pursuant to RCW 28A.315.225, the order shall
4 provide that any excess tax levy approved, including previously
5 approved and imposed excess levies by the school district annexing or
6 receiving the transferred territory from the financially insolvent
7 school district and replacement and supplemental levies voted upon by
8 voters of the entire newly established territory before the effective
9 date of the dissolution by the school district receiving the
10 transferred territory from the dissolved school district shall, in the
11 cases of previously approved and imposed excess levies of the annexing
12 or receiving school district, be imposed on the newly annexed, or
13 dissolved territory, and in the case of replacement or supplemental
14 levies, the entire newly established territory, pursuant to RCW
15 84.09.030. The superintendent shall ((certify)) file his or her action
16 ((to)) with each county auditor, each county treasurer, each county
17 assessor, the office of the secretary of state, the office of the
18 superintendent of public instruction, and the superintendents of all
19 school districts affected by the action.

20 (2)(a) Upon receipt by the educational service district
21 superintendent of a written ((order)) decision by the regional
22 committee approving the transfer of territory between two or more
23 school districts, or the dissolution and annexation of a financially
24 insolvent school district, the superintendent shall make an order
25 establishing all approved changes involving the alteration of the
26 boundaries of the affected districts, with the effective date of such
27 alterations to the boundaries. The effective date of boundary
28 alterations shall be no later than sixty days prior to the first day
29 candidates may file for office for the next succeeding general or
30 special election.

31 (b) The order may not be implemented before the period of appeal
32 authorized under RCW 28A.315.205(5)(a)(i) has ended.

33 (c) The order shall also establish all approved terms of the
34 equitable adjustment of assets and liabilities involving the affected
35 districts.

36 (d) For school districts that are dissolved and annexed pursuant to
37 RCW 28A.315.225, the order must provide that any excess tax levy
38 approved, including previously approved and imposed excess levies by

1 the school district annexing or receiving the transferred territory
2 from the financially insolvent school district and replacement and
3 supplemental levies voted upon by voters of the entire newly
4 established territory before the effective date of the dissolution by
5 the school district receiving the transferred territory from the
6 dissolved school district shall, in the cases of previously approved
7 and imposed excess levies of the annexing or receiving school district,
8 be imposed on the newly annexed, or dissolved territory, and in the
9 case of replacement or supplemental levies, the entire newly
10 established territory, pursuant to RCW 84.09.030.

11 (e) The superintendent shall (~~certify~~) file his or her action
12 (~~to~~) with each county auditor, the office of the secretary of state,
13 the office of the superintendent of public instruction, each county
14 treasurer, each county assessor, and the superintendents of all school
15 districts affected by the action.

16 NEW SECTION. Sec. 8. A new section is added to chapter 28A.315
17 RCW to read as follows:

18 (1) The superintendent of public instruction shall convene a
19 financial oversight committee:

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

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

26 (c) When a district has been on binding conditions pursuant to RCW
27 28A.505.110 for two consecutive years and does not have a satisfactory
28 financial plan.

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

35 (3) The financial oversight committee shall review the financial
36 condition of a financially insolvent school district. In conducting
37 its review, the committee shall hold a public hearing in the

1 financially insolvent school district or educational service district
2 in order to receive public comment on any proposed financial plans. If
3 the financial oversight committee feels that dissolution of the
4 financially insolvent school district is a valid option, it shall
5 receive input at the public hearing on options for dissolving said
6 school district.

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

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

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

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

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

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

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

35 (7) Any action taken by a school district subject to enhanced
36 financial monitoring that is likely to affect the district's finances
37 is null and void if the action was not approved by the educational

1 service district or special administrator or if the action is
2 inconsistent with conditions imposed on the district pursuant to this
3 section.

4 (8) The superintendent of public instruction shall adopt rules to
5 carry out the provisions in this section, which may include, but are
6 not limited to, identifying the responsibilities and authority of the
7 financial oversight committee, the educational service district, the
8 special administrator, and the school district and the implementation
9 of enhanced financial oversight.

10 **Sec. 9.** RCW 28A.315.225 and 1999 c 315 s 501 are each amended to
11 read as follows:

12 (1) In case any school district has an average enrollment of fewer
13 than five kindergarten through eighth grade pupils during the preceding
14 school year or has not made a reasonable effort to maintain, during the
15 preceding school year at least the minimum term of school required by
16 law, the educational service district superintendent shall report that
17 fact to the regional committee, which committee shall dissolve the
18 school district and annex the territory thereof to some other district
19 or districts. For the purposes of this section, in addition to any
20 other finding, "reasonable effort" shall be deemed to mean the attempt
21 to make up whatever days are short of the legal requirement by
22 conducting of school classes on any days to include available holidays,
23 though not to include Saturdays and Sundays, prior to June 15th of that
24 year. School districts operating an extended school year program, most
25 commonly implemented as a 45-15 plan, shall be deemed to be making a
26 reasonable effort. In the event any school district has suffered any
27 interruption in its normal school calendar due to a strike or other
28 work stoppage or slowdown by any of its employees that district shall
29 not be subject to this section.

30 (2) A financially insolvent school district may be dissolved and
31 annexed to one or more contiguous districts, in accordance with an
32 agreement between the insolvent district and at least one other
33 contiguous district, that has been approved by the financial oversight
34 committee, or in accordance with the decision of the regional
35 committee. A financially insolvent district may file bankruptcy only
36 if it is recommended by the financial oversight committee.

1 (3)(a) A petition to dissolve a financially insolvent school
2 district may be filed with the educational service district
3 superintendent by the superintendent of public instruction if, before
4 signing and filing the petition, the financial oversight committee was
5 convened and recommended that the district be dissolved.

6 (b) A petition for dissolution under this subsection (3) must
7 include the name of the financially insolvent district, the legal
8 boundaries of the district, the names of contiguous school districts,
9 the basis for concluding the district is financially insolvent, a map
10 with legal description of the proposed annexation of the financially
11 insolvent school district to one or more contiguous school districts,
12 and any proposed equitable adjustments of assets and liabilities for
13 the affected districts. The proposed annexation and equitable
14 adjustment of assets and liabilities must be based on the factors in
15 RCW 28A.315.015(2), 28A.315.205(4), and 28A.315.245.

16 (c) The superintendent of public instruction, at the recommendation
17 of the financial oversight committee, may take the following actions
18 upon filing a petition to dissolve a financially insolvent school
19 district: Authorize liquidation or disposition of fixed assets and
20 contractual liabilities by any reasonable and documented method.

21 (d) A petition to dissolve a financially insolvent school district
22 shall be processed in accordance with section 5 of this act and RCW
23 28A.315.205.

24 (4) The superintendent of public instruction may request an
25 appropriation to address matters associated with the dissolution of a
26 financially insolvent school district.

27 (5) The superintendent of public instruction may adopt rules
28 governing actions that may be taken to prevent a school district from
29 being dissolved and to assist in the orderly and timely dissolution and
30 annexation of school districts that are unable to avoid financial
31 insolvency.

32 (6) In case any territory is not a part of any school district, the
33 educational service district superintendent shall present to the
34 regional committee a proposal for the annexation of the territory to
35 some contiguous district or districts.

36 NEW SECTION. Sec. 10. A new section is added to chapter 28A.315
37 RCW to read as follows:

1 (1) As of the effective date of dissolution of a financially
2 insolvent district, all existing employment contracts and collective
3 bargaining agreements of the financially insolvent district shall be
4 extinguished.

5 (2) School districts that annex or receive territory from a
6 financially insolvent district have full authority to constitute their
7 workforces, and have no duty to bargain with, or observe the former
8 wages and working conditions of, any former employees of a financially
9 insolvent district who may be hired; rather, any employees hired from
10 a financially insolvent district become part of the appropriate
11 bargaining units, if any, of the annexing or receiving district, and
12 their wages and working conditions are defined by the terms of the
13 annexing or receiving district's bargaining agreements or other
14 policies or conditions of employment.

15 (3) Certificated employees of a district that is dissolved due to
16 financial insolvency have no continuing contract or appeal rights under
17 RCW 28A.405.210 through 28A.405.380 or other law, nor do certificated
18 or classified employees of a district dissolved due to financial
19 insolvency have any resort to grievance or arbitration under a
20 collective bargaining agreement, and any inconsistent provision of any
21 individual contract or collective bargaining agreement is null and
22 void. Sufficient cause for nonrenewal or discharge of such
23 certificated and classified personnel is deemed to exist by sole virtue
24 of the employer district's dissolution for financial insolvency.
25 Notice of nonrenewal or discharge under such circumstances may be given
26 by the educational service district superintendent without regard to
27 date. Any appeal must be addressed to the educational service district
28 board on an expedited basis according to rules established by the
29 superintendent of public instruction, and must be confined to the issue
30 of whether the employer district is dissolved for reasons of financial
31 insolvency. There is no judicial review for the educational service
32 district board's decisions in these matters.

33 **Sec. 11.** RCW 28A.315.265 and 1999 c 315 s 703 are each amended to
34 read as follows:

35 If adjustments of bonded indebtedness are made between or among
36 school districts in connection with the alteration of the boundaries of

1 the school districts under this chapter, the order of the educational
2 service district superintendent establishing the terms of adjustment of
3 bonded indebtedness shall provide and specify:

4 (1) In every case where bonded indebtedness is transferred from one
5 school district to another school district:

6 (a) That such bonded indebtedness is assumed by the school district
7 to which it is transferred;

8 (b) That thereafter such bonded indebtedness shall be the
9 obligation of the school district to which it is transferred;

10 (c) That, if the terms of adjustment so provide, any bonded
11 indebtedness thereafter incurred by such transferee school district
12 through the sale of bonds authorized before the date its boundaries
13 were altered shall be the obligation of such school district including
14 the territory added thereto; and

15 (d) That taxes shall be levied thereafter against the taxable
16 property located within such school district as it is constituted after
17 its boundaries were altered, the taxes to be levied at the times and in
18 the amounts required to pay the principal of and the interest on the
19 bonded indebtedness assumed or incurred, as the same become due and
20 payable.

21 (2) In computing the debt limitation of any school district from
22 which or to which bonded indebtedness has been transferred, the amount
23 of transferred bonded indebtedness at any time outstanding:

24 (a) Shall be an offset against and deducted from the total bonded
25 indebtedness, if any, of the school district from which the bonded
26 indebtedness was transferred; and

27 (b) Shall be deemed to be bonded indebtedness solely of the
28 transferee school district that assumed the indebtedness.

29 (3) In every case where adjustments of bonded indebtedness do not
30 provide for transfer of bonded indebtedness from one school district to
31 another school district:

32 (a) That the existing bonded indebtedness of each school district,
33 the boundaries of which are altered and any bonded indebtedness
34 incurred by each such school district through the sale of bonds
35 authorized before the date its boundaries were altered is the
36 obligation of the school district in its reduced or enlarged form, as
37 the case may be; and

1 (b) That taxes shall be levied thereafter against the taxable
2 property located within each such school district in its reduced or
3 enlarged form, as the case may be, at the times and in the amounts
4 required to pay the principal of and interest on such bonded
5 indebtedness as the same become due and payable.

6 (4) If a change in school district organization approved by the
7 regional committee concerns a proposal to form a new school district or
8 if a change in school district organization includes a proposal for
9 adjustment of voted general obligation bonded indebtedness (~~(involving~~
10 ~~an established school district and one or more former school districts~~
11 ~~now included therein pursuant to a vote of the people concerned)~~), a
12 special election of the voters residing within the territory of the
13 proposed new district, or of the (~~established~~) school district
14 involved in a proposal for adjustment of bonded indebtedness as the
15 case may be, shall be held for the purpose of affording those voters an
16 opportunity to approve or reject such proposals as concern or affect
17 them.

18 (5) In a case involving both the question of the formation of a new
19 school district and the question of adjustment of bonded indebtedness,
20 the questions may be submitted to the voters either in the form of a
21 single proposition or as separate propositions, whichever seems
22 expedient to the educational service district superintendent. When the
23 regional committee has passed appropriate resolutions for the questions
24 to be submitted and the educational service district superintendent has
25 given notice thereof to the county auditor, the special election shall
26 be called and conducted, and the returns canvassed as in regular school
27 district elections.

28 **Sec. 12.** RCW 28A.315.285 and 1999 c 315 s 705 are each amended to
29 read as follows:

30 (1) If a special election is held to vote on a proposal or
31 alternate proposals to form a new school district, the votes cast by
32 the registered voters in each component district shall be tabulated
33 separately. Any such proposition shall be considered approved only if
34 it receives a majority of the votes cast in each separate district
35 voting thereon.

36 (2) If a special election is held to vote on a proposal for
37 adjustment of bonded indebtedness, the entire vote cast by the

1 registered voters of the proposed new district or of the established
2 district as the case may be shall be tabulated. Any such proposition
3 shall be considered approved if (~~sixty percent~~) three-fifths or more
4 of all votes cast thereon are in the affirmative and forty percent of
5 the voters who voted at the last preceding general election cast a
6 ballot.

7 (3) In the event of approval of a proposition or propositions voted
8 on at a special election, the educational service district
9 superintendent shall:

10 (a) Make an order establishing such new school district or such
11 terms of adjustment of bonded indebtedness or both, as were approved by
12 the registered voters and shall also order such other terms of
13 adjustment, if there are any, of property and other assets and of
14 liabilities other than bonded indebtedness as have been approved by the
15 state council; and

16 (b) Certify his or her action to the county and school district
17 officials specified in RCW 28A.315.215. The educational service
18 district superintendent may designate, with the approval of the
19 superintendent of public instruction, a name and number different from
20 that of any component thereof, but must designate the new district by
21 name and number different from any other district in existence in the
22 county.

23 (4) The educational service district superintendent shall fix as
24 the effective date of any order or orders he or she is required to make
25 by this chapter, the date specified in the order of final approval of
26 any change in the organization and extent of school districts or of any
27 terms of adjustment of the assets and liabilities of school districts
28 subject, for taxing purposes, to the redrawing of taxing district
29 boundaries under RCW 84.09.030, by the regional committee.

30 (5) Upon receipt of certification under this section, the
31 superintendent of each school district that is included in the new
32 district shall deliver to the superintendent of the new school district
33 those books, papers, documents, records, and other materials pertaining
34 to the territory transferred.

35 **Sec. 13.** RCW 28A.315.305 and 1999 c 315 s 707 are each amended to
36 read as follows:

37 (1) Each school district involved in or affected by any change made

1 in the organization and extent of school districts under this chapter
2 retains its corporate existence insofar as is necessary for the
3 purpose, until the bonded indebtedness outstanding against it on and
4 after the effective date of the change has been paid in full. This
5 section may not be construed to prevent, after the effective date of
6 the change, such adjustments of bonded indebtedness as are provided for
7 in this chapter.

8 (2) The county legislative authority shall provide, by appropriate
9 levies on the taxable property of each school district, for the payment
10 of the bonded indebtedness outstanding against it after any of the
11 changes or adjustments under this chapter have been effected.

12 (3) In case any such changes or adjustments involve a joint school
13 district, the tax levy for the payment of any bonded indebtedness
14 outstanding against the joint district, after the changes or
15 adjustments are effected, shall be made and the proceeds thereof shall
16 be transmitted, credited, and paid out in conformity with the
17 provisions of law applicable to the payment of the bonded indebtedness
18 of joint school districts.

19 (4) In case any such changes or adjustments involve the dissolution
20 or annexation of a financially insolvent school district pursuant to
21 RCW 28A.315.225:

22 (a) The board of directors of a receiving or annexing school
23 district, or the educational service district superintendent as
24 identified in RCW 84.52.020 must certify a tax levy by November 30th in
25 each calendar year that there is outstanding voted bonded indebtedness
26 to pay the principal of and interest on such outstanding voted bonded
27 indebtedness for the following calendar year;

28 (b) The county treasurer in the county in which the financially
29 insolvent school district is located must collect the levy, the
30 proceeds of which must be deposited into a debt service fund
31 established and overseen by the annexing school district as determined
32 by the financial oversight committee or regional committee to pay the
33 principal of and interest on the dissolved district's outstanding
34 bonded indebtedness as it becomes due;

35 (c) For outstanding voted bonded indebtedness of the financially
36 insolvent school district, the board of directors of the receiving or
37 annexing school district may determine that all or any portion of the
38 voted bonded indebtedness be refunded pursuant to chapter 39.53 RCW, in

1 which case the board of directors of the annexing or receiving district
2 shall act as the governing body of the financially insolvent school
3 district and is expressly empowered to take all action it deems
4 necessary to accomplish such refunding; and

5 (d) Any balance in the debt service fund of the financially
6 insolvent school district remaining after all such voted bonded
7 indebtedness is paid must be transferred to the general fund of the
8 receiving or annexing school district.

9 NEW SECTION. Sec. 14. A new section is added to chapter 28A.315
10 RCW to read as follows:

11 All proceedings that have been taken by any school district,
12 educational service district governing body, or commission, or any
13 officers thereof, for the purpose of effecting a dissolution,
14 annexation, consolidation, or transfer of territory from one or more
15 school districts to one or more other school districts, including but
16 not limited to reorganizing boundaries and making an equitable
17 adjustment of the property and other assets and of the liabilities,
18 including bonded indebtedness and excess tax levies, are hereby
19 validated, ratified, approved, and confirmed, notwithstanding any lack
20 of power, other than constitutional, of the school district,
21 educational service district, or the governing body or commission or
22 officers thereof to effect such changes in organization of school
23 districts.

24 **Sec. 15.** RCW 28A.315.315 and 1990 c 33 s 305 are each amended to
25 read as follows:

26 (1) An appeal may be taken, as provided for in RCW 28A.645.010, to
27 the superior court of the county in which a school district or any part
28 thereof is situated on any question of adjustment of property and other
29 assets and of liabilities provided for in this chapter. Judicial
30 appeal must be expedited. If the court finds the terms of the
31 adjustment in question not equitable, the court shall make an
32 adjustment that is equitable.

33 (2) In the case of any financially insolvent school district that
34 is required to transfer territory pursuant to RCW 28A.315.225, no
35 lawsuit may be maintained challenging the imposition of excess tax
36 levies on the territory transferred or annexed pursuant to an order of

1 the superintendent of the educational service district under RCW
2 28A.315.215 unless that lawsuit is served and filed no later than
3 thirty days after the date of the order.

4 **Sec. 16.** RCW 28A.343.040 and 1991 c 288 s 1 are each amended to
5 read as follows:

6 (1) It is the responsibility of each school district board of
7 directors to prepare for the division or redivision of the district
8 into director districts no later than eight months after any of the
9 following:

10 ~~((1))~~ (a) Receipt of federal decennial census data from the
11 redistricting commission established in RCW 44.05.030;

12 ~~((2))~~ (b) Consolidation of two or more districts into one
13 district under RCW ~~((28A.315.270))~~ 28A.315.195;

14 ~~((3))~~ (c) Transfer of territory to or from the district or
15 dissolution and annexation of a district under RCW ~~((28A.315.280))~~
16 28A.315.215; or

17 ~~((4) Annexation of territory to or from the district under RCW~~
18 ~~28A.315.290 or 28A.315.320; or~~

19 ~~(5))~~ (d) Approval by a majority of the registered voters voting on
20 a proposition authorizing the division of the district into director
21 districts pursuant to RCW ~~((28A.315.590))~~ 28A.343.030.

22 (2) The districting or redistricting plan shall be consistent with
23 the criteria and adopted according to the procedure established under
24 RCW ~~((29.70.100))~~ 29A.76.010.

25 **Sec. 17.** RCW 84.09.030 and 2008 c 86 s 501 are each amended to
26 read as follows:

27 (1)(a) Except as provided in (b) and (c) of this subsection (1),
28 for the purposes of property taxation and the levy of property taxes,
29 the boundaries of counties, cities, and all other taxing districts
30 shall be the established official boundaries of such districts existing
31 on the first day of August of the year in which the property tax levy
32 is made.

33 (b) The boundaries for a newly incorporated port district or
34 regional fire protection service authority shall be established on the
35 first day of October if the boundaries of the newly incorporated port

1 district or regional fire protection service authority are coterminous
2 with the boundaries of another taxing district or districts, as they
3 existed on the first day of August of that year.

4 (c) The boundaries of a school district that is required to receive
5 or annex territory due to the dissolution of a financially insolvent
6 school district under RCW 28A.315.225 must be the established official
7 boundaries of such districts existing on the first day of September of
8 the year in which the property tax levy is made.

9 (2) In any case where any instrument setting forth the official
10 boundaries of any newly established taxing district, or setting forth
11 any change in the boundaries, is required by law to be filed in the
12 office of the county auditor or other county official, the instrument
13 shall be filed in triplicate. The officer with whom the instrument is
14 filed shall transmit two copies of the instrument to the county
15 assessor.

16 (3) No property tax levy shall be made for any taxing district
17 whose boundaries are not established as of the dates provided in this
18 section.

19 **Sec. 18.** RCW 84.52.053 and 2010 c 237 s 4 are each amended to read
20 as follows:

21 (1) The limitations imposed by RCW 84.52.050 through 84.52.056, and
22 84.52.043 shall not prevent the levy of taxes by school districts, when
23 authorized so to do by the voters of such school district in the manner
24 and for the purposes and number of years allowable under Article VII,
25 section 2(a) of the Constitution of this state. Elections for such
26 taxes shall be held in the year in which the levy is made or, in the
27 case of propositions authorizing two-year through four-year levies for
28 maintenance and operation support of a school district, authorizing
29 two-year levies for transportation vehicle funds established in RCW
30 28A.160.130, or authorizing two-year through six-year levies to support
31 the construction, modernization, or remodeling of school facilities,
32 which includes the purposes of RCW 28A.320.330(2) (f) and (g), in the
33 year in which the first annual levy is made.

34 (2)(a) Once additional tax levies have been authorized for
35 maintenance and operation support of a school district for a two-year
36 through four-year period as provided under subsection (1) of this
37 section, no further additional tax levies for maintenance and operation

1 support of the district for that period may be authorized, except for
2 additional levies to provide for subsequently enacted increases
3 affecting the district's levy base or maximum levy percentage.

4 (b) Notwithstanding (a) of this subsection, any school district
5 that is required to annex or receive territory pursuant to a
6 dissolution of a financially insolvent school district pursuant to RCW
7 28A.315.225 may call either a replacement or supplemental levy election
8 within the school district, including the territory annexed or
9 transferred, as follows:

10 (i) An election for a proposition authorizing two-year through
11 four-year levies for maintenance and operation support of a school
12 district may be called and held before the effective date of
13 dissolution to replace existing maintenance and operation levies and to
14 provide for increases due to the dissolution.

15 (ii) An election for a proposition authorizing additional tax
16 levies may be called and held before the effective date of dissolution
17 to provide for increases due to the dissolution.

18 (iii) In the event a replacement levy election under (b)(i) of this
19 subsection is held but does not pass, the affected school district may
20 subsequently hold a supplemental levy election pursuant to (b)(ii) of
21 this subsection if the supplemental levy election is held before the
22 effective date of dissolution. In the event a supplemental levy
23 election is held under subsection (b)(ii) of this subsection but does
24 not pass, the affected school district may subsequently hold a
25 replacement levy election pursuant to (b)(i) of this subsection if the
26 replacement levy election is held before the effective date of
27 dissolution. Failure of a replacement levy or supplemental levy
28 election does not affect any previously approved and existing
29 maintenance and operation levy within the affected school district or
30 districts.

31 (c) For the purpose of applying the limitation of this subsection
32 (2), a two-year through six-year levy to support the construction,
33 modernization, or remodeling of school facilities shall not be deemed
34 to be a tax levy for maintenance and operation support of a school
35 district.

36 (3) A special election may be called and the time therefor fixed by
37 the board of school directors, by giving notice thereof by publication
38 in the manner provided by law for giving notices of general elections,

1 at which special election the proposition authorizing such excess levy
2 shall be submitted in such form as to enable the voters favoring the
3 proposition to vote "yes" and those opposed thereto to vote "no."

4 **Sec. 19.** RCW 39.64.040 and 1935 c 143 s 5 are each amended to read
5 as follows:

6 Subject to the requirement in RCW 28A.315.225(2), any taxing
7 district in the state of Washington is hereby authorized to file the
8 petition mentioned in section 80 of chapter IX of the federal
9 bankruptcy act.

10 **Sec. 20.** RCW 28A.400.300 and 2009 c 47 s 2 are each amended to
11 read as follows:

12 (1) Every board of directors, unless otherwise specially provided
13 by law, shall:

14 ~~((1))~~ (a) Except as provided in subsection (3) of this section,
15 employ for not more than one year, and for sufficient cause discharge
16 all certificated and classified employees;

17 ~~((2))~~ (b) Adopt written policies granting leaves to persons under
18 contracts of employment with the school district(s) in positions
19 requiring either certification or classified qualifications, including
20 but not limited to leaves for attendance at official or private
21 institutes and conferences and sabbatical leaves for employees in
22 positions requiring certification qualification, and leaves for
23 illness, injury, bereavement and, emergencies for both certificated and
24 classified employees, and with such compensation as the board of
25 directors prescribe: PROVIDED, That the board of directors shall adopt
26 written policies granting to such persons annual leave with
27 compensation for illness, injury and emergencies as follows:

28 ~~((a))~~ (i) For such persons under contract with the school
29 district for a full year, at least ten days;

30 ~~((b))~~ (ii) For such persons under contract with the school
31 district as part time employees, at least that portion of ten days as
32 the total number of days contracted for bears to one hundred eighty
33 days;

34 ~~((c))~~ (iii) For certificated and classified employees, annual
35 leave with compensation for illness, injury, and emergencies shall be
36 granted and accrue at a rate not to exceed twelve days per year;

1 provisions of any contract in force on June 12, 1980, which conflict
2 with requirements of this subsection shall continue in effect until
3 contract expiration; after expiration, any new contract executed
4 between the parties shall be consistent with this subsection;

5 ((+d)) (iv) Compensation for leave for illness or injury actually
6 taken shall be the same as the compensation such person would have
7 received had such person not taken the leave provided in this proviso;

8 ((+e)) (v) Leave provided in this proviso not taken shall
9 accumulate from year to year up to a maximum of one hundred eighty days
10 for the purposes of RCW 28A.400.210 and 28A.400.220, and for leave
11 purposes up to a maximum of the number of contract days agreed to in a
12 given contract, but not greater than one year. Such accumulated time
13 may be taken at any time during the school year or up to twelve days
14 per year may be used for the purpose of payments for unused sick leave;

15 ((+f)) (vi) Sick leave heretofore accumulated under section 1,
16 chapter 195, Laws of 1959 (former RCW 28.58.430) and sick leave
17 accumulated under administrative practice of school districts prior to
18 the effective date of section 1, chapter 195, Laws of 1959 (former RCW
19 28.58.430) is hereby declared valid, and shall be added to leave for
20 illness or injury accumulated under this proviso;

21 ((+g)) (vii) Any leave for injury or illness accumulated up to a
22 maximum of forty-five days shall be creditable as service rendered for
23 the purpose of determining the time at which an employee is eligible to
24 retire, if such leave is taken it may not be compensated under the
25 provisions of RCW 28A.400.210 and 28A.310.490;

26 ((+h)) (viii) Accumulated leave under this proviso shall be
27 transferred to and from one district to another, the office of
28 superintendent of public instruction, offices of educational service
29 district superintendents and boards, the state school for the blind,
30 the ~~((school-for-the-deaf))~~ Washington state center for childhood
31 deafness and hearing loss, institutions of higher education, and
32 community and technical colleges, to and from such districts, schools,
33 offices, institutions of higher education, and community and technical
34 colleges;

35 ((+i)) (ix) Leave accumulated by a person in a district prior to
36 leaving said district may, under rules of the board, be granted to such
37 person when the person returns to the employment of the district.

1 (2) When any certificated or classified employee leaves one school
2 district within the state and commences employment with another school
3 district within the state, the employee shall retain the same
4 seniority, leave benefits and other benefits that the employee had in
5 his or her previous position: PROVIDED, That classified employees who
6 transfer between districts after July 28, 1985, shall not retain any
7 seniority rights other than longevity when leaving one school district
8 and beginning employment with another. If the school district to which
9 the person transfers has a different system for computing seniority,
10 leave benefits, and other benefits, then the employee shall be granted
11 the same seniority, leave benefits and other benefits as a person in
12 that district who has similar occupational status and total years of
13 service.

14 (3) Notwithstanding subsection (1)(a) of this section, discharges
15 of certificated and classified employees in school districts that are
16 dissolved due to financial insolvency shall be conducted in accordance
17 with section 10 of this act.

18 NEW SECTION. Sec. 21. A new section is added to chapter 28A.405
19 RCW to read as follows:

20 Notwithstanding the provisions of RCW 28A.405.210 through
21 28A.405.380, the employment status, the processes for notices of
22 discharge or nonrenewal, and the appeal rights of certificated
23 employees in school districts that are dissolved due to financial
24 insolvency shall be as provided in section 10 of this act.

25 **Sec. 22.** RCW 28A.645.010 and 1990 c 33 s 544 are each amended to
26 read as follows:

27 (1) Any person, or persons, either severally or collectively,
28 aggrieved by any decision or order of any school official or board,
29 within thirty days after the rendition of such decision or order, or of
30 the failure to act upon the same when properly presented, may appeal
31 the same to the superior court of the county in which the school
32 district or part thereof is situated, by filing with the secretary of
33 the school board if the appeal is from board action or failure to act,
34 otherwise with the proper school official, and filing with the clerk of
35 the superior court, a notice of appeal which shall set forth in a clear
36 and concise manner the errors complained of.

1 (2)(a) Appeals by teachers, principals, supervisors,
2 superintendents, or other certificated employees from the actions of
3 school boards with respect to discharge or other action adversely
4 affecting their contract status, or failure to renew their contracts
5 for the next ensuing term shall be governed by the appeal provisions of
6 chapters 28A.400 and 28A.405 RCW therefor and in all other cases shall
7 be governed by chapter 28A.645 RCW.

8 (b) Appeals from nonrenewal or discharge by employees of school
9 districts that are dissolved due to financial insolvency shall be as
10 provided in section 10 of this act.

11 NEW SECTION. Sec. 23. A new section is added to chapter 41.56 RCW
12 to read as follows:

13 Notwithstanding any other provision of this chapter, employees and
14 bargaining representatives of school districts that are dissolved due
15 to financial insolvency shall have resort to collective bargaining,
16 including grievance arbitration and other processes, only to the extent
17 provided by section 10 of this act.

18 NEW SECTION. Sec. 24. A new section is added to chapter 41.59 RCW
19 to read as follows:

20 Notwithstanding any other provision of this chapter, employees and
21 bargaining representatives of school districts that are dissolved due
22 to financial insolvency shall have resort to collective bargaining,
23 including grievance arbitration and other processes, only to the extent
24 provided by section 10 of this act.

25 NEW SECTION. Sec. 25. A new section is added to chapter 28A.315
26 RCW to read as follows:

27 The superintendent of public instruction may adopt rules to
28 implement chapter . . . , Laws of 2012 (this act).

29 NEW SECTION. Sec. 26. This act takes effect September 1, 2012.
Passed by the House March 3, 2012.
Passed by the Senate February 29, 2012.
Approved by the Governor March 29, 2012.
Filed in Office of Secretary of State March 29, 2012.