
HOUSE BILL 1431

State of Washington 62nd Legislature 2011 Regular Session

By Representatives Anderson and Haigh

Read first time 01/21/11. Referred to Committee on Education.

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

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

4 NEW SECTION. **Sec. 1.** (1) The state board of education 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 state board of education must
8 consult with individuals with legal and financial expertise.
9 (4) As part of its report, the state board of education may
10 recommend a financial early warning system for consistent, early
11 identification of school districts with potential fiscal difficulties.
12 (5) The state board of education must submit a final report and
13 recommendations to the governor and the education and fiscal committees
14 of the legislature by January 5, 2012. The recommendations must
15 specifically address amendments to current law as well as propose new
16 laws as necessary.

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