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**SECOND SUBSTITUTE HOUSE BILL 2593**

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**State of Washington**

**69th Legislature**

**2026 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Rude, Callan, and Pollet; by request of Superintendent of Public Instruction)

READ FIRST TIME 02/09/26.

1 AN ACT Relating to school district accounting, budgeting, and  
2 reporting requirements; and adding new sections to chapter 28A.505  
3 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 28A.505  
6 RCW to read as follows:

7 (1) Beginning in the 2027-28 school year and each fiscal year  
8 thereafter, the office of the superintendent of public instruction  
9 must place school districts with general fund balances at the end of  
10 the year that are below the fund balance thresholds calculated under  
11 subsection (2) of this section on formal financial monitoring for a  
12 period of one year. Formal financial monitoring may be reimposed by  
13 the office of the superintendent of public instruction for additional  
14 one-year increments for school districts with general fund balance  
15 thresholds that remain below those calculated under subsection (2) of  
16 this section.

17 (2) The office of the superintendent of public instruction shall  
18 calculate the fund balance thresholds as provided in this subsection  
19 (2) for each school district.

1 (a) If a school district has 2,000 or more average annual full-  
2 time equivalent students, the general fund year ending balance  
3 threshold is six percent of its prior year's state apportionment.

4 (b) If a school district has fewer than 2,000 average annual  
5 full-time equivalent students, the general fund year ending balance  
6 threshold is no less than eight percent of its prior year's state  
7 apportionment.

8 (3) School districts placed under formal financial monitoring  
9 must comply with the reporting requirements in section 2 of this act.

10 (4) The office of the superintendent of public instruction shall:

11 (a) Provide technical assistance to each school district placed  
12 under formal financial monitoring to support the school district and  
13 help it avoid the imposition of binding conditions under RCW  
14 28A.505.110; and

15 (b) Specify whether a school district has failed to meet the  
16 applicable fund balance threshold calculated under this section in  
17 the school district's financial health indicators.

18 (5) The office of the superintendent of public instruction may  
19 adopt rules to implement this section and section 2 of this act.

20 NEW SECTION. **Sec. 2.** A new section is added to chapter 28A.505  
21 RCW to read as follows:

22 (1) Beginning in the 2028-29 school year and each fiscal year  
23 thereafter, school districts placed under formal financial monitoring  
24 under section 1 of this act must submit monthly financial data to the  
25 office of the superintendent of public instruction no later than the  
26 last day of the subsequent calendar month.

27 (2) The data must include, at a minimum, the following  
28 information for each fund: (a) Monthly expenditures; (b) monthly  
29 revenue; (c) end of month cash balance; (d) interfund loan activity;  
30 and (e) any other debt or borrowing transactions.

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