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**HOUSE BILL 2593**

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**State of Washington**

**69th Legislature**

**2026 Regular Session**

**By** Representatives Rude, Callan, and Pollet; by request of Superintendent of Public Instruction

Read first time 01/20/26. Referred to Committee on Education.

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) By the 2030-31 school year and each fiscal year thereafter,  
8 each school district board of directors shall include a restriction  
9 for minimum fund balance within their general fund. This minimum fund  
10 balance restriction must be in addition to other fund balance amounts  
11 restricted to specific purposes externally imposed by creditors,  
12 grantors, contributors, or law or regulations of other governments,  
13 or other restrictions imposed by enabling legislation.

14 (a) For school districts with 2,000 average annual full-time  
15 equivalent students or greater, the fund balance must be no less than  
16 six percent and no more than 12 percent of their prior year's state  
17 apportionment.

18 (b) For school districts with an enrollment of fewer than 2,000  
19 average annual full-time equivalent students, the fund balance must  
20 be no less than eight percent and no more than 34 percent of their  
21 prior year's state apportionment.

1 (2) The office of the superintendent of public instruction shall  
2 calculate the actual minimum and maximum restrictions required by  
3 subsection (1) of this section for each school district for the  
4 school district board of directors' review and adoption. For purposes  
5 of the calculation, the prior year state apportionment must include  
6 total apportionment as calculated no later than April 30th.

7 (3) A school district may not use minimum fund balance resources  
8 for ongoing salaries or benefits.

9 (4) A school district may only use fund balance resources  
10 restricted in accordance with subsection (1) of this section for the  
11 following purposes:

12 (a) To address costs associated with unanticipated actual changes  
13 in annual average full-time equivalent enrollment that exceed 2.5  
14 percent from the prior school year;

15 (b) For temporary cash flow needs in the general fund within the  
16 school year;

17 (c) For emergencies or as necessary for the preservation of life,  
18 health, and safety; and

19 (d) For one-time expenses as preapproved by the office of the  
20 superintendent of public instruction.

21 (5)(a) A school district may temporarily spend below the minimum  
22 restricted fund balance levels calculated in subsection (2) of this  
23 section only if:

24 (i) The school district's board of directors adopts a resolution  
25 to temporarily spend below its minimum fund balance identifying the  
26 specific reason for the use of funds from the allowable uses  
27 identified in subsection (4) of this section, the amount to be used,  
28 and the estimated remaining restricted fund balance amount;

29 (ii) The school district's board of directors submits to the  
30 office of the superintendent of public instruction, the resolution  
31 and a plan to restore the restricted fund balance to no less than the  
32 minimum calculation within 12 months of the end of the subsequent  
33 school year; and

34 (iii) The office of the superintendent of public instruction  
35 approves the school district's plan to restore its minimum fund  
36 balance.

37 (b) A school district must restore the restricted fund balance to  
38 the minimum level calculated in subsection (2) of this section in  
39 accordance with the plan approved by the office of the superintendent  
40 of public instruction.

1 (c) A school district may not be approved to spend below the  
2 minimum fund balance two years in a row, except for emergencies to or  
3 as necessary for the preservation of life, health, and safety.

4 (6) The office of the superintendent of public instruction must  
5 include whether a school district has failed to replenish its minimum  
6 fund balance in the school district's financial health indicators.

7 (7) The office of the superintendent of public instruction must  
8 require a school district who has failed to replenish its minimum  
9 fund balance in accordance with the approved plan to redirect  
10 apportionment funding monthly, in 12 equal installments totaling the  
11 amount necessary to restore the minimum restricted fund balance  
12 calculated in subsection (2) of this section.

13 (8) The superintendent of public instruction shall adopt rules to  
14 implement this section and section 2 of this act.

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

17 (1) Beginning in the 2028-29 school year and each fiscal year  
18 thereafter, school districts must submit monthly financial data to  
19 the office of the superintendent of public instruction no later than  
20 the last day of the subsequent calendar month.

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

25 (3) For any school district that fails to submit the required  
26 monthly financial data within 45 days of the end of the reporting  
27 month, the office of the superintendent of public instruction is  
28 authorized to withhold the subsequent monthly apportionment payment  
29 until the required data is submitted.

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