

**WSR 24-17-029
PROPOSED RULES
SUPERINTENDENT OF
PUBLIC INSTRUCTION**

[Filed August 12, 2024, 1:00 p.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 24-13-084.

Title of Rule and Other Identifying Information: WAC 392-123-060
Petition to budget receivables collectible in future fiscal periods.

Hearing Location(s): On October 10, 2024, at 10:00 a.m., virtual public hearing via Zoom (call-in option also available). Participation link available on the office of superintendent of public instruction (OSPI) rules web page [Ospi.k12.wa.us/policy-funding/ospi-rulemaking-activity](https://ospi.k12.wa.us/policy-funding/ospi-rulemaking-activity). For participation questions, please email sirena.wu@k12.wa.us.

Date of Intended Adoption: October 14, 2024.

Submit Written Comments to: T.J. Kelly, OSPI, P.O. Box 47200, Olympia, WA 98504, email Thomas.kelly@k12.wa.us, beginning September 18, 2024, 8:00 a.m., by October 10, 2024, 5:00 p.m.

Assistance for Persons with Disabilities: Contact Sirena Wu, OSPI rules coordinator, phone 360-480-9317, TTY 360-664-3631, email sirena.wu@k12.wa.us, by October 3, 2024.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: In alignment with ESSB 5293, passed by the Washington state legislature in 2023, OSPI is proposing rule making to implement an exemption for school districts and charter schools for the 2024-2025 and 2025-2026 budget periods from accepting binding conditions when the proceeds of an interfund loan have been used to balance deficit fund balances. The rules would allow this exemption in order to address budget destabilization in the aftermath of the COVID-19 pandemic, which is consistent with the purpose described under ESSB 5293 (2023) and RCW 28A.505.130.

Reasons Supporting Proposal: Consistent with the purpose described under ESSB 5293 (2023) and RCW 28A.505.130, the proposed rule making to allow school districts and charter schools an exemption from accepting binding conditions when using the proceeds of an interfund loan to balance deficit fund balances for the 2024-2025 and 2025-2026 budget periods would address budget destabilization as a result of the COVID-19 pandemic.

Statutory Authority for Adoption: RCW 28A.150.290, 28A.710.220.

Rule is not necessitated by federal law, federal or state court decision.

Name of Agency Personnel Responsible for Drafting and Implementation: T.J. Kelly, OSPI, 600 South Washington Street, Olympia, WA; Enforcement: OSPI, 600 South Washington Street, Olympia, WA.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328.

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(4).

Is exempt under RCW 19.85.030.

Explanation of exemptions: No small business economic impact statement has been prepared under chapter 19.85 RCW. The proposed amendment does not have an impact on small business and therefore does

not meet the requirements for a statement under RCW 19.85.030 (1) or (2).

Scope of exemption for rule proposal:
Is fully exempt.

August 12, 2024
Chris P. S. Reykdal
State Superintendent of Public Instruction

OTS-5283.1

AMENDATORY SECTION (Amending WSR 15-18-078, filed 8/28/15, effective 9/28/15)

WAC 392-123-060 Petition to budget receivables collectible in future fiscal periods. When a school district or charter school is unable to prepare a budget or a budget extension in which the estimated revenues for the budgeted fiscal period plus the estimated fund balance or actual fund balance in case of a budget extension, at the beginning of the budgeted fiscal period less the ending reserved fund balance for the budgeted fiscal year do not at least equal the estimated expenditures for the budgeted fiscal period, the school district board of directors or charter school board may deliver a petition in writing at least (~~twenty~~) 20 days before the budget or budget extension is scheduled for adoption to the superintendent of public instruction requesting permission to include receivables collectible in future periods beyond the fiscal period being budgeted in order to balance the budget or budget extension for the fiscal period being budgeted. Said petition shall include a resolution of the school board requesting permission to budget receivables collectible in future fiscal periods and other such information as the superintendent of public instruction shall deem as necessary.

If such permission is granted, it shall be in writing, and it shall contain conditions, binding on the district or charter school, designed to improve the district's or charter school's financial condition.

For the 2024-2025 and 2025-2026 budget periods, accepting binding conditions due to a negative fund balance position is not required for school districts or charter schools that have an interfund loan for more than the amount of the negative position in the receiving fund. This timebound exception is provided in RCW 28A.505.130 so long as the transaction date on the loan occurs on or before June 30, 2024.