
HOUSE BILL 1500

State of Washington

67th Legislature

2021 Regular Session

By Representative Sullivan

1 AN ACT Relating to regular financial audits of school districts;
2 amending RCW 43.09.2856; reenacting and amending RCW 43.09.2856;
3 creating a new section; providing an effective date; and providing an
4 expiration date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the enrichment
7 levy process has built-in safeguards that prevent the improper
8 expenditure of enrichment funds before they can occur. These
9 safeguards include district submission of enrichment levy plans and
10 review and approval by the office of the superintendent of public
11 instruction. Before the proposed levy is submitted to voters, the
12 office of the superintendent of public instruction must first approve
13 the maximum dollar collection amounts and must mandate that the levy
14 collections are deposited in a separate fund. Changes to the proposed
15 use of enrichment funds must be approved by the office of the
16 superintendent of public instruction, be discussed by the elected
17 school district board of directors in open public meetings, and
18 approved by a vote of the school board. In addition to these
19 safeguards that are implemented at the beginning of the process and
20 the mandatory tracking and accounting procedures that apply to the
21 use of the funds, the state auditor performs regular financial audits

1 of all school district local revenues, including enrichment levy
2 spending plans. These necessary and multiple safeguards prevent and
3 address improper expenditures within the system that has been created
4 to support the appropriate use of enrichment levies.

5 The legislature further finds that a punitive, backward-looking
6 system would undermine programming decisions made in good faith and
7 could result in funding cuts to vital education programs that serve
8 current K-12 students. The legislature finds that such processes are
9 at odds with the goals for the enrichment levies.

10 **Sec. 2.** RCW 43.09.2856 and 2019 c 410 s 4 and 2019 c 387 s 5 are
11 each reenacted and amended to read as follows:

12 (1) Beginning with the 2019-20 school year, to ensure that school
13 district local revenues are used solely for purposes of enriching the
14 state's statutory program of basic education, the state auditor's
15 regular financial audits of school districts must include a review of
16 the expenditure of school district local revenues for compliance with
17 RCW 28A.150.276, including the spending plan approved by the
18 superintendent of public instruction under RCW 28A.505.240 and its
19 implementation, and any supplemental contracts entered into under RCW
20 28A.400.200. The audit must also include a review of the expenditure
21 schedule and supporting documentation required by RCW
22 28A.320.330(1)(c).

23 ~~(2) ((If an audit under subsection (1) of this section results in
24 findings that a school district has failed to comply with these
25 requirements, then within ninety days of completing the audit the
26 auditor must report the findings to the superintendent of public
27 instruction, the office of financial management, and the education
28 and operating budget committees of the legislature. If the
29 superintendent of public instruction receives a report of findings
30 from the state auditor that an expenditure of a school district is
31 out of compliance with the requirements of RCW 28A.150.276, and the
32 finding is not resolved in the subsequent audit, the maximum taxes
33 levied for collection by the school district under RCW 84.52.0531 in
34 the following calendar year shall be reduced by the expenditure
35 amount identified by the state auditor.~~

36 ~~(3))~~ The use of the state allocation provided for professional
37 learning under RCW 28A.150.415 must be audited as part of the regular
38 financial audits of school districts by the state auditor's office to

1 ensure compliance with the limitations and conditions of RCW
2 28A.150.415.

3 ~~((4))~~ (3)(a) The state auditor must conduct a financial or
4 accountability audit of each school district by June 1, 2020, for the
5 2018-19 school year to include a review of the following:

6 (i) Special education revenues and the sources of those revenues,
7 by school district; and

8 (ii) Special education expenditures and the object of those
9 expenditures, by school district.

10 (b) Special education data reported for each school district
11 through the audits under this subsection must be compiled and
12 submitted to the education committees of the legislature by December
13 1, 2020.

14 **Sec. 3.** RCW 43.09.2856 and 2019 c 410 s 4 are each amended to
15 read as follows:

16 (1) Beginning with the 2019-20 school year, to ensure that school
17 district local revenues are used solely for purposes of enriching the
18 state's statutory program of basic education, the state auditor's
19 regular financial audits of school districts must include a review of
20 the expenditure of school district local revenues for compliance with
21 RCW 28A.150.276, including the spending plan approved by the
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2 learning under RCW 28A.150.415 must be audited as part of the regular
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4 ensure compliance with the limitations and conditions of RCW
5 28A.150.415.

6 NEW SECTION. **Sec. 4.** Section 2 of this act expires December 1,
7 2021.

8 NEW SECTION. **Sec. 5.** Section 3 of this act takes effect
9 December 1, 2021.

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