

CHAPTER 117

[Engrossed Substitute Senate Bill No. 3097]
 STATE AND LOCAL GOVERNMENT—RULE—
 MAKING AUTHORITY—CONSIDERATION
 OF ECONOMIC VALUES

AN ACT Relating to state economic policy; and adding a new chapter to Title 43 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Section 1. The purpose of this chapter is to assert that it is the intent of the legislature that economic values are given appropriate consideration along with environmental, social, health, and safety considerations in the promulgation of rules by state and local government.

NEW SECTION. Sec. 2. All state agencies and local government entities with rule-making authority under state law or local ordinance shall adopt methods and procedures which will insure that economic values will be given appropriate consideration in the rule-making process along with environmental, social, health, and safety considerations.

NEW SECTION. Sec. 3. Nothing in this chapter shall in any way affect the specific statutory obligations of any agency:

- (1) To comply with environmental, social, health, safety, or other standards prescribed by law;
- (2) To coordinate or consult with any other public agency; or
- (3) To act, or refrain from acting, where required by law, upon the recommendations or certification of another public agency.

NEW SECTION. Sec. 4. If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 5. Sections 1 through 4 of this act shall constitute a new chapter in Title 43 RCW.

Passed the Senate March 17, 1976.

Passed the House March 16, 1976.

Approved by the Governor March 24, 1976.

Filed in Office of Secretary of State March 24, 1976.

CHAPTER 118

[Substitute Senate Bill No. 3127]
 SCHOOL DISTRICTS—BUDGETS—
 APPORTIONMENT—REPORTS

AN ACT Relating to education; providing for school district budgets; amending section 13, chapter 76, Laws of 1909 and RCW 1.16.030; amending section 28A.01.020, chapter 223, Laws of 1969 ex. sess. and RCW 28A.01.020; amending section 1, chapter 5, Laws of 1975 1st ex. sess. and RCW 28A.03.350; amending section 28A.44.080, chapter 223, Laws of 1969 ex. sess. as last amended by section 63, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.44.080; amending section 2, chapter 124, Laws of 1972 ex. sess. as amended by section 64, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.44.085; amending section 28A.44.090, chapter 223, Laws of 1969 ex. sess. as

last amended by section 65, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.44.090; amending section 15, chapter 15, Laws of 1970 ex. sess. as last amended by section 67, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.48.010; amending section 28A.48.100, chapter 223, Laws of 1969 ex. sess. as last amended by section 73, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.48.100; amending section 28A.58.150, chapter 223, Laws of 1969 ex. sess. as last amended by section 110, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.58.150; amending section 28A.66.070, chapter 223, Laws of 1969 ex. sess. and RCW 28A.66.070; amending section 28A.66.100, chapter 223, Laws of 1969 ex. sess. as last amended by section 130, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.66.100; amending section 84.52.020, chapter 15, Laws of 1961 as amended by section 33, chapter 43, Laws of 1975 and RCW 84.52.020; adding new sections to chapter 223, Laws of 1969 ex. sess. and to Title 28A RCW as a new chapter thereof; repealing section 28A.58.130, chapter 223, Laws of 1969 ex. sess. and RCW 28A.58.130; repealing section 28A.65.010, chapter 223, Laws of 1969 ex. sess., section 20, chapter 119, Laws of 1969 ex. sess. and RCW 28A.65.010; repealing section 28A.65.020, chapter 223, Laws of 1969 ex. sess., section 21, chapter 119, Laws of 1969 ex. sess., section 1, chapter 115, Laws of 1972 ex. sess., section 1, chapter 202, Laws of 1975 1st ex. sess. and RCW 28A.65.020; repealing section 28A.65.030, chapter 223, Laws of 1969 ex. sess. and RCW 28A.65.030; repealing section 28A.65.040, chapter 223, Laws of 1969 ex. sess., section 23, chapter 119, Laws of 1969 ex. sess. and RCW 28A.65.040; repealing section 28A.65.050, chapter 223, Laws of 1969 ex. sess. and RCW 28A.65.050; repealing section 28A.65.060, chapter 223, Laws of 1969 ex. sess., section 24, chapter 119, Laws of 1969 ex. sess. and RCW 28A.65.060; repealing section 28A.65.070, chapter 223, Laws of 1969 ex. sess., section 1, chapter 53, Laws of 1975 1st ex. sess. and RCW 28A.65.070; repealing section 1, chapter 93, Laws of 1971 ex. sess. and RCW 28A.65.075; repealing section 28A.65.080, chapter 223, Laws of 1969 ex. sess., section 25, chapter 119, Laws of 1969 ex. sess., section 38, chapter 48, Laws of 1971, section 2, chapter 93, Laws of 1971 ex. sess., section 2, chapter 26, Laws of 1972 ex. sess., section 22, chapter 43, Laws of 1975, section 122, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.080; repealing section 28A.65.090, chapter 223, Laws of 1969 ex. sess., section 26, chapter 119, Laws of 1969 ex. sess., section 23, chapter 43, Laws of 1975 and RCW 28A.65.090; repealing section 22, chapter 119, Laws of 1969 ex. sess., section 2, chapter 115, Laws of 1972 ex. sess. and RCW 28A.65.095; repealing section 28A.65.100, chapter 223, Laws of 1969 ex. sess., section 27, chapter 119, Laws of 1969 ex. sess., section 39, chapter 48, Laws of 1971, section 24, chapter 43, Laws of 1975, section 123, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.100; repealing section 28A.65.110, chapter 223, Laws of 1969 ex. sess., section 28, chapter 119, Laws of 1969 ex. sess., section 40, chapter 48, Laws of 1971, section 124, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.110; repealing section 28A.65.120, chapter 223, Laws of 1969 ex. sess., section 29, chapter 119, Laws of 1969 ex. sess., section 41, chapter 48, Laws of 1971, section 25, chapter 43, Laws of 1975, section 125, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.120; repealing section 31, chapter 119, Laws of 1969 ex. sess. and RCW 28A.65.141; repealing section 32, chapter 119, Laws of 1969 ex. sess. and RCW 28A.65.142; repealing section 28A.65.150, chapter 223, Laws of 1969 ex. sess., section 33, chapter 119, Laws of 1969 ex. sess., section 42, chapter 48, Laws of 1971, section 26, chapter 43, Laws of 1975, section 126, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.150; repealing section 34, chapter 119, Laws of 1969 ex. sess., section 43, chapter 48, Laws of 1971, section 127, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.153; repealing section 35, chapter 119, Laws of 1969 ex. sess. and RCW 28A.65.155; repealing section 28A.65.160, chapter 223, Laws of 1969 ex. sess. and RCW 28A.65.160; repealing section 28A.65.170, chapter 223, Laws of 1969 ex. sess., section 36, chapter 119, Laws of 1969 ex. sess., section 3, chapter 93, Laws of 1971 ex. sess., section 1, chapter 26, Laws of 1972 ex. sess., section 1, chapter 151, Laws of 1975 1st ex. sess. and RCW 28A.65.170; repealing section 2, chapter 151, Laws of 1975 1st ex. sess. and RCW 28A.65.175; repealing section 30, chapter 119, Laws of 1969 ex. sess., section 44, chapter 48, Laws of 1971, section 128, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.180; repealing section 6, chapter 91, Laws of 1974 ex. sess. and RCW 28A.65.190; declaring an emergency; and making an effective date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Section 1. The following terms when used in this chapter shall have the following meanings, unless where used the context thereof shall clearly indicate to the contrary:

(1) "Revenue" means additions of assets during a given fiscal period to a fund of a school district in the form of cash which does not accompany the incurrence of liabilities or represent refunds of previous disbursements.

(2) "Accrual basis expenditures" mean costs during a given fiscal period for liabilities incurred, whether paid or unpaid.

(3) "Cash basis expenditures" mean actual disbursements during a given fiscal period for operating costs, capital outlay, and debt service, regardless of when liabilities are incurred, or the period of incurrence of cost.

(4) "Appropriation" means the maximum authorization during a given fiscal period to incur expenditures.

(5) "Disbursements" mean payments in cash, including but not limited to payments by warrants.

NEW SECTION. Sec. 2. All school districts must utilize the following methods of revenue and expenditure recognition in budgeting, accounting and financial reporting:

(1) Recognize revenue as defined in section 1(1) of this 1976 amendatory act for all funds.

(2) Utilize the accrual basis for the recognition of expenditures in determining operating costs from the general fund: PROVIDED, That school districts with less than one thousand full time equivalent students for the previous year may utilize the cash basis for the recognition of expenditures in determining operating costs from the general fund: PROVIDED FURTHER, That in school districts with less than one thousand full time equivalent students a list of accounts payable shall be prepared, as at the end of the fiscal year, subject to the penalties of perjury, a copy of which will accompany the districts' annual report and a copy of which will be filed with the districts' board of directors.

(3) Utilize the accrual basis for the recognition of expenditures in determining the costs of site acquisitions and the construction of buildings from the building fund: PROVIDED, That school districts with less than one thousand full time equivalent students for the previous year may utilize the cash basis for recognition of expenditures in determining the costs of site acquisitions and the construction of buildings from the building fund.

(4) Utilize the cash basis for the recognition of expenditures in determining costs for bond interest and redemption funds, refunding bond funds and refunded bond funds.

(5) Utilize the cash basis for the recognition of expenditure in determining costs for permanent insurance funds.

NEW SECTION. Sec. 3. Beginning September 1, 1977 the fiscal year for all school districts shall be September 1 through August 31.

NEW SECTION. Sec. 4. On or before the tenth day of July in each year, all school districts shall prepare their budget for the ensuing fiscal year. The budget shall set forth the complete financial plan of the district for the ensuing fiscal year.

NEW SECTION. Sec. 5. Upon completion of their budgets as provided in section 4 of this 1976 amendatory act, every school district shall publish a notice stating that the district has completed the budget and placed the same on file in the school district administration office, that a copy thereof will be furnished any person who will call upon the district for it, and that the board of directors will meet for the purpose of fixing and adopting the budget of the district for the ensuing fiscal year. Such notice shall designate the date, time, and place of said meeting which shall occur no later than the thirty-first day of August for first class school districts, and the first day of August for second class school districts.

The notice shall also state that any person may appear thereat and be heard for or against any part of such budget. Said notice shall be published at least once each week for two consecutive weeks in a newspaper of general circulation in the district, or, if there be none, in a newspaper of general circulation in the county or counties in which such district is a part. The last notice shall be published no later than seven days immediately prior to the hearing.

The district shall provide a sufficient number of copies of the budget to meet the reasonable demands of the public not later than July 20th in the first class school districts, and not later than July 15th in second class school districts. Second class school districts shall submit one copy of their budget to their educational service districts for review and comment no later than July 15th.

NEW SECTION. Sec. 6. On the date given in said notice as provided in section 5 of this 1976 amendatory act the school district board of directors shall meet at the time and place designated. Any person may appear thereat and be heard for or against any part of such budget. Such hearing may be continued not to exceed a total of two days: PROVIDED, That the budget must be adopted no later than August 31st in first class school districts, and not later than August 1st in second class school districts.

Upon conclusion of the hearing, the board of directors shall fix and determine the appropriation from each fund contained in the budget separately, and shall by resolution adopt the budget and the appropriations as so finally determined, and enter the same in the official minutes of the board: PROVIDED, That first class school districts shall file four copies of their adopted budget with their educational service district no later than September 3rd, and second class school districts shall forward five copies of their adopted budget to their educational service district no later than August 3rd for review, alteration and approval as provided for in section 7 of this 1976 amendatory act by the budget review committee.

NEW SECTION. Sec. 7. The budget review committee shall fix and approve the amount of the appropriation from each fund of the budget of second class districts not later than August 31st. No budget review committee shall knowingly approve any budget or appropriation that is in violation of this chapter or rules and regulations adopted by the superintendent of public instruction in accordance with section 14(1) of this 1976 amendatory act. A copy of said budget shall be returned to the local school districts no later than September 10th.

Members of the budget review committee as referred to in this section shall consist of the educational service district superintendent or a representative thereof, a member of the local school district board of directors or a representative thereof, and a representative of the superintendent of public instruction.

NEW SECTION. Sec. 8. Copies of the budgets for all local school districts shall be filed with the superintendent of public instruction, the appropriate county auditor(s), and the office of the state auditor, no later than September 10th. One copy will be retained by the educational service district.

NEW SECTION. Sec. 9. Every school district budget shall be prepared, submitted and adopted on forms provided by the office of the superintendent of public instruction. The budget classifications contained in said format shall be in accordance with the accounting manual for public school districts, published by

the office of the superintendent of public instruction and the office of the state auditor. Budgets on forms other than those provided by the office of the superintendent of public instruction shall not be official and will have no legal effect.

NEW SECTION. Sec. 10. The revenue section of every school district budget shall set forth the estimated revenues for the ensuing fiscal year, the estimated revenues for the fiscal year current at the time of budget preparation, the actual revenues for the last completed fiscal year, and the probable net cash balance and investments available for ensuing fiscal year disbursements at the close of the said current fiscal year. The estimated revenues from all sources for the ensuing fiscal year shall not include any revenue not anticipated to be received in cash during that fiscal year: PROVIDED, That school districts, pursuant to section 11 of this 1976 amendatory act can be granted permission by the superintendent of public instruction to include as revenues in their budgets, receivables collectible in future fiscal years.

The expenditure section of the budget shall set forth by detailed items or classes the estimated expenditures for the ensuing fiscal year, the estimated expenditures for the fiscal year current at the time of budget preparation, and the actual expenditures for the last completed fiscal year. Each salary shall be set forth separately, together with the title or position of the recipient: PROVIDED, That salaries may be set out in total amounts under each budget class if a detailed schedule(s) of such salaries and positions be attached to the budget and made a part thereof. In districts where negotiations have not been completed, the district may budget the salaries at the current year's rate and restrict ending net cash for the amount of anticipated increase in salaries, so long as an explanation shall be attached to the budget on such restriction of ending cash.

NEW SECTION. Sec. 11. When a school district board is unable to prepare a budget in which the estimated revenues for the ensuing fiscal year plus the estimated cash and investments on hand at the close of the current fiscal year do not at least equal the estimated disbursements for the ensuing fiscal year, the school district board shall petition in writing, on or before the tenth day of July, the superintendent of public instruction for permission to include receivables collectible in future years, in order to balance the ensuing fiscal year's budget. If such permission is granted, it shall be in writing, and it shall contain conditions, binding on the district, designed to improve the district's financial condition. Any budget or appropriation adopted by the board of directors without written permission from the superintendent of public instruction that contains estimated disbursements in excess of the total of estimated revenue for the current fiscal year plus net cash balance and investments at the close of the last completed fiscal year shall be null and void and shall not be considered an appropriation.

NEW SECTION. Sec. 12. If a local school district fails to comply with any binding restrictions issued by the superintendent of public instruction, the allocation of state funds for support of the local school district may be withheld, pending an investigation of the reason for such noncompliance by the office of the superintendent of public instruction. Written notice of the intent to withhold state funds, with reasons stated for this action, shall be made to the school district by

the office of the superintendent of public instruction before any portion of the state allocation is withheld.

NEW SECTION. Sec. 13. For each fund contained in the school district budget the estimated disbursements for the ensuing fiscal year must not be greater than the total of the estimated revenues for the ensuing fiscal year, the probable net cash balance and investments at the close of the current fiscal year, and the projected revenue from receivables collectible on future years as approved by the superintendent of public instruction for inclusion in the budget.

The budget shall be considered a balanced budget if the above requirement is met: **PROVIDED**, That in the general fund, revenue, plus beginning net cash and investments, must exceed cash disbursements by an amount equal to or greater than the mandated cash reserved for transportation equipment as required by RCW 28A.41.160.

The proceeds of any interfund loan must not be used to balance the budget of the borrowing fund.

NEW SECTION. Sec. 14. (1) Notwithstanding any other provision of law, the superintendent of public instruction is hereby directed to promulgate such rules and regulations as will insure proper budgetary procedures and practices, including monthly financial statements consistent with the provisions of RCW 43.09.200, and this chapter.

(2) If the superintendent of public instruction determines upon a review of the budget of any district that said budget does not comply with the budget procedures established by this chapter or by rules and regulations promulgated by the superintendent of public instruction, or the provisions of RCW 43.09.200, he shall give notice of this determination to the board of directors of the local school district. The superintendent of public instruction shall then call a meeting with the educational service district, the local board of directors, and the chief administrative officer of the district to review said budget. Upon the conclusion of said meeting the superintendent of public instruction shall issue findings and direct that a financially sound budget be developed by the district for operation.

(3) The local school district, notwithstanding any other provision of law, shall, within thirty days from the date the superintendent of public instruction issues a directive pursuant to subsection (2) of this section, submit a revised budget which meets the requirements of RCW 43.09.200, this chapter, and the rules and regulations of the superintendent of public instruction: **PROVIDED**, That if the district fails or refuses to submit a revised budget which in the determination of the superintendent of public instruction meets the requirements of RCW 43.09.200, this chapter, and the rules and regulations of the superintendent of public instruction, the matter shall be submitted to the state board of education, which board shall meet and adopt a financial plan which shall be in effect until a budget can be adopted and submitted by the district in compliance with this section.

NEW SECTION. Sec. 15. Total budgeted expenditures for each fund as adopted in the budget of a school district shall constitute the appropriations of the district for the ensuing fiscal year and the board of directors shall be limited in the incurring of expenditures to the grand total of such appropriations. The board of

directors shall incur no expenditures for any purpose in excess of the appropriation for each fund: PROVIDED, That no board of directors shall be prohibited from incurring expenditures for the payment of regular employees, for the necessary repairs and upkeep of the school plant, for the purchase of books and supplies, and for their participation in joint purchasing agencies authorized in RCW 28A.58.107 during the interim while the budget is being settled under section 14 of this 1976 amendatory act: PROVIDED FURTHER, That transfers between budget classes may be made by the school district's chief administrative officer or finance officer, subject to such restrictions as may be imposed by the school district board of directors.

Directors, officers or employees who knowingly or negligently violate or participate in a violation of this section by the incurring of expenditures in excess of any appropriation(s) shall be held civilly liable, jointly and severally, for such expenditures in excess of such appropriation(s), including consequential damages following therefrom, for each such violation. If as a result of any civil or criminal action the violation is found to have been done knowingly, such director, officer, or employee who is found to have participated in such breach shall immediately forfeit his office or employment, and the judgment in any such action shall so provide.

Nothing in this section shall be construed to limit the duty of the attorney general to carry out the provisions of RCW 43.09.260, as now or hereafter amended.

NEW SECTION. Sec. 16. All appropriations for any school district upon which their budget is based shall lapse at the end of the fiscal year. At the expiration of said period all appropriations shall become null and void and any claim presented thereafter against any such appropriation for the fiscal year just closed shall be provided for in the appropriation for the next fiscal year: PROVIDED, That this shall not prevent payments upon incompleting improvements in progress at the close of the fiscal year.

NEW SECTION. Sec. 17. (1) Notwithstanding any other provision of this chapter, upon the happening of any emergency in first class school districts caused by fire, flood, explosion, storm, earthquake, epidemic, riot, insurrection, or for the restoration to a condition of usefulness of any school district property, the usefulness of which has been destroyed by accident, and no provision has been made for such expenditures in the adopted appropriation, the board of directors, upon the adoption by the vote of the majority of all board members of a resolution stating the facts constituting the emergency, may make an appropriation therefor without notice or hearing.

(2) Notwithstanding any other provision of this chapter, if in first class districts it becomes necessary to increase the amount of the appropriation, and if the reason is not one of the emergencies specifically enumerated in subsection (1) of this section, the school district board of directors, before incurring expenditures in excess of expenditures therefor, shall adopt a resolution stating the facts and the estimated amount of appropriation to meet it.

Such resolution shall be voted on at a public meeting, notice to be given in the manner provided in section 5 of this 1976 amendatory act. Its introduction and

passage shall require the vote of a majority of all members of the school district board of directors.

Any person may appear at the meeting at which the appropriation resolution is to be voted on and be heard for or against the adoption thereof.

All adopted appropriation resolutions shall be filed with the office of superintendent of public instruction, the office of the state auditor, the educational service district and the appropriate county auditor(s).

NEW SECTION. Sec. 18. Notwithstanding any other provision of this chapter, if a second class school district needs to increase the amount of the appropriation from any fund for any reason, the school district board of directors shall adopt a resolution stating the facts and estimating the amount of additional appropriation needed.

Such resolution shall be voted on at a public meeting, notice to be given in the manner provided by section 5 of this 1976 amendatory act. Its introduction and passage shall require the vote of a majority of all members of the school district board of directors.

Any person may appear at the meeting at which the appropriation resolution is to be voted on and be heard for or against the adoption thereof.

Upon passage of the appropriation resolution the school district shall petition the superintendent of public instruction for approval to increase the amount of its appropriations in the manner prescribed in rules and regulations for such approval by the superintendent.

All appropriation resolutions approved by the superintendent of public instruction shall be filed by the office of the superintendent of public instruction with the educational service district, the office of the state auditor, and the appropriate county auditor(s).

NEW SECTION. Sec. 19. The legislature strongly encourages every school district to prepare a program budget to be distributed to those recognized parent and community groups, and the general public, which specifies the following:

(1) A priority listing of the educational goals which the school district board has established.

(2) A description of the basic education program which the school district board established with respect to both elementary and secondary programs. A summary of expenditures for basic education programs should be included which identify the portion of the budget expended for salaries (certificated and classified), employee benefits, supplies and materials, and other expenditures.

(3) A description of each subprogram offered within the basic education program by the school district board, including a listing of the specific goals, and a summary of expenditures for, the subprograms which identify the portion of the budget expended for salaries (certificated and classified), employee benefits, supplies and materials, and other expenditures. Subprogram categories should include but not be limited to reading, music, mathematics, language arts, science, social studies, health and physical education, extracurricular sports, nonsport extracurricular, instructional supportive services, supportive services/principal's office, and counseling.

(4) A description of separately funded state programs which are included in the school district budget as instructional or other specialized services. A summary of expenditures should be included which identify the portion of the budget expended for salaries (certificated and classified), employee benefits, supplies and materials, and other expenditures. Where applicable this category should include but not be limited to vocational education, handicapped, and culturally disadvantaged.

(5) A description of federal programs which augment state and local programs in the district. A summary of expenditures should be included which identify this portion of the budget expended for salaries (certificated and classified), employee benefits, supplies and materials, and other expenditures.

(6) A description of other programs sponsored by the school district which are supported by fees, special grants, and/or contributions. A summary of expenditures should be included which identify this portion of the budget expended for salaries (certificated and classified), employee benefits, supplies and materials, and other expenditures.

(7) A description of supportive services, including a listing of specific goals and a summary of expenditures, which identify the portion of the budget expended for salaries (certificated and classified), employee benefits, supplies and materials, and other expenditures. Supportive services should include the elements of board of directors, superintendent/personnel, business services, maintenance and operations, food service, and transportation.

***NEW SECTION.** Sec. 20. (1) In order to implement the change in fiscal years provided in sections 1 through 19 of this 1976 amendatory act a short fiscal period shall exist from July 1, 1977 through August 31, 1977.

(2) Budgets for the period July 1, 1977 through August 31, 1977, shall be prepared and adopted in the format provided by the office of the superintendent of public instruction. The budget classifications shall be in accordance with the latest revised accounting manual for public school districts published by the office of the superintendent of public instruction and the office of the state auditor.

(3) The revenue section of said budget shall set forth the estimated revenues from all sources for said period and the probable cash balance and investments available for said period disbursements at the close of the 1976-77 fiscal year: PROVIDED, That school districts pursuant to instructions promulgated by the superintendent of public instruction shall be granted permission to include as revenues in said budget receivables collectible in future fiscal periods.

(4) The expenditure section of said budget shall set forth by detailed items or classes the estimated expenditures for said period.

(5) The estimated disbursements for said period must not be greater than the total of the estimated revenues for said period, the probable net cash balance, and investments at the close of the 1976-77 fiscal year, and the projected revenue from receivables collectible in future periods approved by the superintendent of public instruction for inclusion in said budget.

(6) On or before May 10, 1976, all school districts shall prepare their budgets for the period of July 1, 1977 through August 31, 1977.

(7) All school districts after completion of said budget shall publish a notice stating that the district has completed the budget and placed the same on file in

the district administration office, that a copy thereof will be furnished any person who will call upon the district for it, and that the school district board of directors will meet for the purpose of fixing and adopting said budget of the district for said period. Such notice shall designate the date, time and place of said meeting which shall occur on or before June 30, 1977, for first class school districts, and June 1, 1977, for second class school districts.

The notice shall also state that any person may appear thereat and be heard for or against any part of said budget. Said notice shall be published at least once each week for two consecutive weeks following preparation of said budget in a newspaper of general circulation in the district, or if there be none, in a newspaper of general circulation in the county: PROVIDED, That the second notice shall be published no later than seven days immediately prior to the hearing.

The district shall provide a sufficient number of copies of said budget to meet the reasonable demands of the public and the same shall be available for distribution not later than fourteen days preceding the date set for the public hearing.

(8) On the date given in said notice the school district board of directors shall meet at the time and place designated. Any person may appear thereat and be heard for or against any part of said budget. Such hearing may be continued not to exceed a total of two days.

Upon conclusion of the hearing, the school district board of directors shall fix and determine the appropriation from each fund contained in said budget separately and shall by resolution adopt the budget and the appropriations as so finally determined and enter the same in the official minutes of the board.

(9) First class school districts shall file four copies of their adopted budget for said period with their educational service district no later than July 10, 1977.

(10) Second class school districts shall forward five copies of their adopted budget for said period with their educational service district for review, alteration and approval no later than June 3, 1977.

(11) The educational service districts shall fix and approve the amount of the appropriation from each fund of the budget for second class school districts for the period July 1, 1977 through August 31, 1977, not later than June 30, 1977. One copy of said budget shall be returned to the district.

(12) The educational service district shall file a copy of said budget for all school districts no later than July 10, 1977, with the office of the superintendent of public instruction, the office of the state auditor and the appropriate county auditor(s). A copy shall be retained by the educational service district.

(13) Financial reports shall be prepared and submitted by local school districts, educational service districts, county auditors and county treasurers on the formats provided by the office of the superintendent of public instruction. Filing shall be in accordance with the instructions issued jointly by the superintendent of public instruction and the state auditor.

***NOTE: Section 20 was later amended by section 1, chapter 124, Laws of 1975-76, 2nd ex.s.**

Sec. 21. Section 13, chapter 76, Laws of 1909 and RCW 1.16.030 are each amended to read as follows:

~~((June 30th))~~ August 31st shall end the fiscal year of school districts and December 31st of all other taxing districts.

Sec. 22. Section 28A.01.020, chapter 223, Laws of 1969 ex. sess. and RCW 28A.01.020 are each amended to read as follows:

The school year shall begin on the first day of ~~((July))~~ September and end with the last day of ~~((June))~~ August.

Sec. 23. Section 1, chapter 5, Laws of 1975 1st ex. sess. and RCW 28A.03.350 are each amended to read as follows:

The legislature finds that the administration costs of school districts are not sufficiently known to permit sound financial planning by those affected by such costs. Accordingly, the legislature hereby authorize and directs the superintendent of public instruction and the state auditor jointly, and in cooperation with the senate and house committees on education, to conduct appropriate studies and adopt classifications or revised classifications under ~~((RCW 28A.65.050))~~ section 10 of this 1976 amendatory act, defining what expenditures shall be charged to each budget class including administration. Such studies and classifications shall be published in the form of a manual or revised manual, suitable for use by the governing bodies of school districts, by the superintendent of public instruction, and by the legislature.

Sec. 24. Section 28A.44.080, chapter 223, Laws of 1969 ex. sess. as last amended by section 63, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.44.080 are each amended to read as follows:

The superintendent of every high school district shall certify under oath, as a part of an annual report to the educational service district board to be made on or before the fifteenth day of ~~((July))~~ October as required by law, the following facts as nearly as the same can be ascertained:

(1) Name, post office address, county, and resident school district of each nonresident high school pupil who is not a resident of another high school district and is enrolled in the high school, or high schools, of the district during the school year, with the enrollment date and departure date of each such nonresident pupil.

(2) The cost per weighted pupil of educating high school pupils for the school year in his district. For ascertaining such cost the following items of high school expenditure shall be used: Salaries of all high school teachers, supervisors, principals, special instructors, superintendent and assistants, janitors, clerks, and secretaries, stenographers, and all other employees; fuel, light, water, power, telephones, textbooks, office expenses, janitors' supplies, freight, express, drayage, rents for high school purposes, upkeep of grounds, upkeep of shops and laboratories, all materials used in instruction, insurance, current ordinary repairs of every nature, inspection, promotion of health, and such other current expenditures as may be necessary to efficient operation of the high school, or high schools. Expenditures for real estate, construction of buildings, and for other permanent improvements and fixtures shall not be included in estimating high school expenditures for the purposes of this section. When any item, as a necessary result of organization, covers both grade and high school work, it shall be prorated, as nearly as practicable, by the high school district superintendent.

Sec. 25. Section 2, chapter 124, Laws of 1972 ex. sess. as amended by section 64, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.44.085 are each amended to read as follows:

The educational service district board, after verifying such reports as provided in RCW 28A.44.080 as now or hereafter amended, shall certify, on or before the fifteenth day of ~~((August))~~ November each year to the appropriate county commissioners, the amount of claims which any high school district in its educational service district may have under the provisions of RCW 28A.44.045 through 28A.44.100 as now or hereafter amended against any nonhigh district for the cost of educating nonresident high school pupils of such district. In fixing the amount of any such claim by a high school district for educating nonresident high school pupils from such nonhigh districts the educational service district board shall determine the net difference between the cost of educating high school pupils in the given high school district per weighted pupil enrolled for the preceding year as determined pursuant to RCW 28A.44.080(2) and the total state guarantee, including the equal guarantee provided for in ~~((section 1 of this 1972 amendatory act))~~ RCW 28A.41.130, per weighted ~~((secondary))~~ pupil enrolled in such high school district for the preceding year, less any funds received by the high school district pursuant to Title 20, sections 236 through 244, United States Code, for any nonresident high school pupils educated in the high school district for such preceding year. Such amount, when certified as provided in this section, shall constitute a valid claim against the appropriate nonhigh district.

Sec. 26. Section 28A.44.090, chapter 223, Laws of 1969 ex. sess. as last amended by section 65, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.44.090 are each amended to read as follows:

The educational service district board, on or before the first day of ~~((September))~~ December, shall certify to the appropriate county treasurer the amounts due to each high school district in the educational service district from nonhigh school districts for educating pupils from such nonhigh school districts, as certified by the educational service district board to the appropriate county commissioners under RCW 28A.44.085.

Sec. 27. Section 15, chapter 15, Laws of 1970 ex. sess. as last amended by section 67, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.48.010 are each amended to read as follows:

On or before the last business day of September 1969 and each month thereafter, the superintendent of public instruction shall apportion from the current state school fund and/or the state general fund to the several educational service districts of the state the proportional share of the total annual amount due and apportionable to such *educational service districts for the school districts thereof as follows, except that such apportionment shall not include state collected property tax dedicated to the common school system, as so provided by chapter 195, Laws of 1973 1st ex. sess.:

September	10%
October	8%
November	6.5%
December	8.5%
January	13%
February	13%
March	11%

April	5%
May	5%
June	3%
July	8.5%
August	8.5%

At such time as the state property tax provided for by chapter 195, Laws of 1973 1st ex. sess. is collected, the superintendent of public instruction, based on information provided by the state treasurer, shall apportion from the state general fund to the several educational service districts the appropriate share of the state collected property tax due and apportionable to the educational service districts for the school districts thereof. The annual amount due and apportionable shall be the amount apportionable for all apportionment credits estimated to accrue to the schools during the apportionment year beginning September first and continuing through August thirty-first. Appropriations made for school districts for each year of a biennium shall be apportioned according to the schedule set forth in this section for the fiscal year starting ~~((July 1))~~ September 1st of the then calendar year and ending ~~((June 30))~~ August 31st of the next calendar year. The apportionment from the state general fund for each month shall be an amount which together with the revenues of the current state school fund will equal the amount due and apportionable to the several educational service districts during such month: PROVIDED, That any school district may petition the superintendent of public instruction for an emergency advance of funds which may become apportionable to it but not to exceed ten percent of the total amount to become due and apportionable during the school districts apportionment year. The superintendent of public instruction shall determine if the emergency warrants such advance and if the funds are available therefor. If he determines in the affirmative, he may approve such advance and, at the same time, add such an amount to the apportionment for the educational service district in which the school district is located: PROVIDED, That the emergency advance of funds and the interest earned by school districts on the investment of temporary cash surpluses resulting from obtaining such advance of state funds shall be deducted by the superintendent of public instruction from the remaining amount apportionable to said districts during that apportionment year in which the funds are advanced.

Sec. 28. Section 28A.48.100, chapter 223, Laws of 1969 ex. sess. as last amended by section 73, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.48.100 are each amended to read as follows:

The county treasurer of each county of this state shall be ex officio treasurer of the several school districts of their respective counties, and, except as otherwise provided by law, it shall be the duty of each county treasurer:

(1) To receive and hold all moneys belonging to such school districts, and to pay them out only on warrants legally issued.

(2) To certify to the educational service district superintendent and the auditor of his county, at least quarterly each year, the amount of all school funds in his possession subject to apportionment on the last day of the preceding month, which certificate shall specify the source or sources from which said moneys were derived.

(3) To make annually, on or before the twenty-fifth day of (~~July~~) September, a report to the educational service district superintendent and auditor of his county, which report shall show the amount of school funds on hand at the beginning of the school year last past belonging to each school district; the amount of funds placed to the credit of each school district during the school year ending (~~June 30th~~) August thirty-first, last past, and the sources from which said funds were derived; the amount of warrants registered during the year, the amount of funds disbursed upon warrants of each school district during the year; the amount of funds remaining in his possession at the close of the school year subject to be paid out upon warrants, and the fund to which said moneys belong; also the amount of all unpaid warrants or bonds appearing upon his register at the close of the school year.

(4) He shall register all school warrants presented to him by the county auditor in a book to be known as the "Treasurer's School District Warrant Register," which register shall show the date issued, number of warrant, to whom issued, amount and purpose, date registered, date advertised, interest if any accruing on said warrant, total as redeemed, date redeemed and to whom paid. If the district has money in the fund on which the warrant is drawn no endorsement on the warrant is necessary, but if there be no money to the credit of the fund on which the warrant is registered he shall endorse on said warrant the following: "This warrant bears interest at percent per annum from until called for payment. County Treasurer, By Deputy." All warrants shall be paid in the order of their presentation to the county treasurer; and it is hereby made the duty of the county treasurer to advertise, at least quarterly, all warrants which he is prepared to pay, in the same manner in which he is required to advertise county warrants, and after the date fixed in said notice, warrants shall cease to draw interest.

(5) He shall prepare and submit to each school district superintendent in his county a written report of the state of the finances of such district on the first day of each month, which report shall be submitted not later than the seventh day of said month, certified to by the county auditor, which report shall contain the balance on hand the first of the preceding month, the funds paid in, warrants paid with interest thereon, if any, the number of warrants issued and not paid, and the balance on hand.

(6) After each monthly settlement with the county commissioners the treasurer of each county shall submit a statement of all canceled warrants of districts to the respective school district superintendents, which statement shall be verified to by the county auditor. The canceled warrants of each district shall be preserved separately and shall at all times be open to inspection by the school district superintendent or by any authorized accountant of such district.

NEW SECTION. Sec. 29. Section 28A.58.130, chapter 223, Laws of 1969 ex. sess. and RCW 28A.58.130 are each hereby repealed.

Sec. 30. Section 28A.58.150, chapter 223, Laws of 1969 ex. sess. as last amended by section 110, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.58.150 are each amended to read as follows:

In addition to such other duties as a district school board shall prescribe the school district superintendent shall:

(1) Attend all meetings of the board of directors and cause to have made a record as to the proceedings thereof.

(2) Keep such records and reports and in such form as the district board of directors require or as otherwise required by law or rule or regulation of higher administrative agencies and turn the same over to his successor.

(3) Keep accurate and detailed accounts of all receipts and expenditures of school money. At each annual school meeting the superintendent must present his record book of board proceedings for public inspection, and shall make a statement of the financial condition of the district and such record book must always be open for public inspection.

(4) Take annually in May of each year a census of all persons between the ages of four and twenty who were bona fide residents of the district on the first day of May of that year. He shall designate the name and sex of each child, and the date of its birth; the number of weeks it has attended school during the school year, its post office address, and such other information as the superintendent of public instruction shall desire. Parents or guardians may be required to verify as to the correctness of this report. He shall also list separately all defective persons between the ages of four and twenty and give such information concerning them as may be required by the superintendent of public instruction. The board of directors may employ additional persons and compensate the same to aid the superintendent in carrying out such census.

(5) Make to the educational service district superintendent on or before the fifteenth day of ~~(July)~~ October his annual report verified by affidavit upon forms to be furnished by the superintendent of public instruction. It shall contain such items of information as said superintendent of public instruction shall require, including the following: A full and complete report of all children enumerated under subsection (4) above; the number of schools or departments taught during the year; the number of children, male and female, enrolled in the school, and the average daily attendance; the number of teachers employed, and their compensation per month; the number of days school was taught during the past school year, and by whom; and the number of volumes, if any, in the school district library; the number of school houses in the district, and the value of them; and the aggregate value of all school furniture and apparatus belonging to the district. The superintendent shall keep on file a duplicate copy of said report.

(6) Give such notice of all annual or special elections as otherwise required by law; also give notice of the regular and special meetings of the board of directors.

(7) Report to the educational service district superintendent at the beginning of each term of school the name of every teacher and their proposed length of term, and supply each such teacher with school registers furnished by the educational service district superintendent.

(8) Sign all orders for warrants ordered to be issued by the board of directors.

(9) Carry out all orders of the board of directors made at any regular or special meeting.

Sec. 31. Section 28A.66.070, chapter 223, Laws of 1969 ex. sess. and RCW 28A.66.070 are each amended to read as follows:

Any county auditor issuing or causing to be issued a district warrant for any sum in excess of ~~((the aggregate))~~ total disbursements of a district's annual budget

shall be personally liable therefor, and shall reimburse the district in double the amount of any such sum.

Sec. 32. Section 28A.66.100, chapter 223, Laws of 1969 ex. sess. as last amended by section 130, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.66.100 are each amended to read as follows:

The county auditor shall make an annual report for the period ending on the preceding (~~June thirtieth~~) August thirty-first on the financial condition of each school in his county to the educational service district superintendent on or before the twenty-fifth day of (~~July~~) September, in such form as may be prescribed jointly by the superintendent of public instruction and the state auditor.

Sec. 33. Section 84.52.020, chapter 15, Laws of 1961 as amended by section 33, chapter 43, Laws of 1975 and RCW 84.52.020 are each amended to read as follows:

It shall be the duty of the city council or other governing body of cities of the first class, except cities having a population of three hundred thousand or more, the city councils or other governing bodies of cities of the second or third class, the board of directors of school districts of the first class, the superintendent of each educational service district for each constituent second class school district, commissioners of port districts, commissioners of metropolitan park districts, and of all officials or boards of taxing districts within or coextensive with any county(~~except school districts of the second class,)~~) required by law to certify to boards of county commissioners, for the purpose of levying district taxes, budgets or estimates of the amounts to be raised by taxation on the assessed valuation of the property in the city or district, through their chairman and clerk, or secretary, to make and file such certified budget or estimates with the clerk of the board of county commissioners on or before the Wednesday next following the first Monday in October in each year.

NEW SECTION. Sec. 34. The following acts or parts thereof are each hereby repealed:

- (1) Section 28A.65.010, chapter 223, Laws of 1969 ex. sess., section 20, chapter 119, Laws of 1969 ex. sess. and RCW 28A.65.010;
- (2) Section 28A.65.020, chapter 223, Laws of 1969 ex. sess., section 21, chapter 119, Laws of 1969 ex. sess., section 1, chapter 115, Laws of 1972 ex. sess., section 1, chapter 202, Laws of 1975 1st ex. sess. and RCW 28A.65.020;
- (3) Section 28A.65.030, chapter 223, Laws of 1969 ex. sess. and RCW 28A.65.030;
- (4) Section 28A.65.040, chapter 223, Laws of 1969 ex. sess., section 23, chapter 119, Laws of 1969 ex. sess. and RCW 28A.65.040;
- (5) Section 28A.65.050, chapter 223, Laws of 1969 ex. sess. and RCW 28A.65.050;
- (6) Section 28A.65.060, chapter 223, Laws of 1969 ex. sess., section 24, chapter 119, Laws of 1969 ex. sess. and RCW 28A.65.060;
- (7) Section 28A.65.070, chapter 223, Laws of 1969 ex. sess., section 1, chapter 53, Laws of 1975 1st ex. sess. and RCW 28A.65.070;
- (8) Section 1, chapter 93, Laws of 1971 ex. sess. and RCW 28A.65.075;

(9) Section 28A.65.080, chapter 223, Laws of 1969 ex. sess., section 25, chapter 119, Laws of 1969 ex. sess., section 38, chapter 48, Laws of 1971, section 2, chapter 93, Laws of 1971 ex. sess., section 2, chapter 26, Laws of 1972 ex. sess., section 22, chapter 43, Laws of 1975, section 122, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.080;

(10) Section 28A.65.090, chapter 223, Laws of 1969 ex. sess., section 26, chapter 119, Laws of 1969 ex. sess., section 23, chapter 43, Laws of 1975 and RCW 28A.65.090;

(11) Section 22, chapter 119, Laws of 1969 ex. sess., section 2, chapter 115, Laws of 1972 ex. sess. and RCW 28A.65.095;

(12) Section 28A.65.100, chapter 223, Laws of 1969 ex. sess., section 27, chapter 119, Laws of 1969 ex. sess., section 39, chapter 48, Laws of 1971, section 24, chapter 43, Laws of 1975, section 123, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.100;

(13) Section 28A.65.110, chapter 223, Laws of 1969 ex. sess., section 28, chapter 119, Laws of 1969 ex. sess., section 40, chapter 48, Laws of 1971, section 124, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.110;

(14) Section 28A.65.120, chapter 223, Laws of 1969 ex. sess., section 29, chapter 119, Laws of 1969 ex. sess., section 41, chapter 48, Laws of 1971, section 25, chapter 43, Laws of 1975, section 125, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.120;

(15) Section 31, chapter 119, Laws of 1969 ex. sess. and RCW 28A.65.141;

(16) Section 32, chapter 119, Laws of 1969 ex. sess. and RCW 28A.65.142;

(17) Section 28A.65.150, chapter 223, Laws of 1969 ex. sess., section 33, chapter 119, Laws of 1969 ex. sess., section 42, chapter 48, Laws of 1971, section 26, chapter 43, Laws of 1975, section 126, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.150;

(18) Section 34, chapter 119, Laws of 1969 ex. sess., section 43, chapter 48, Laws of 1971, section 127, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.153;

(19) Section 35, chapter 119, Laws of 1969 ex. sess. and RCW 28A.65.155;

(20) Section 28A.65.160, chapter 223, Laws of 1969 ex. sess. and RCW 28A.65.160;

(21) Section 28A.65.170, chapter 223, Laws of 1969 ex. sess., section 36, chapter 119, Laws of 1969 ex. sess., section 3, chapter 93, Laws of 1971 ex. sess., section 1, chapter 26, Laws of 1972 ex. sess., section 1, chapter 151, Laws of 1975 1st ex. sess. and RCW 28A.65.170;

(22) Section 2, chapter 151, Laws of 1975 1st ex. sess. and RCW 28A.65.175;

(23) Section 30, chapter 119, Laws of 1969 ex. sess., section 44, chapter 48, Laws of 1971, section 128, chapter 275, Laws of 1975 1st ex. sess. and RCW 28A.65.180; and

(24) Section 6, chapter 91, Laws of 1974 ex. sess. and RCW 28A.65.190.

NEW SECTION. Sec. 35. Sections 1 through 20 of this 1976 amendatory act are hereby added to chapter 223, Laws of 1969 ex. sess. and to Title 28A RCW as a new chapter thereof.

***NEW SECTION. Sec. 36. This 1976 amendatory act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state**

government and its existing public institutions, and shall take effect March 1, 1976: PROVIDED, That nothing in this 1976 amendatory act shall be deemed to change the beginning or end of that fiscal period or school year that school districts are in upon the effective date of this 1976 amendatory act.

*Sec. 36. was vetoed, see message at end of chapter.

NEW SECTION. Sec. 37. If any provision of this 1976 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

Passed the Senate March 12, 1976.

Passed the House March 17, 1976.

Approved by the Governor March 24, 1976, with the exception of section 36 which is vetoed.

Filed in Office of Secretary of State March 24, 1976.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith without my approval as to one section Substitute Senate Bill No. 3127 entitled:

"AN ACT Relating to education; providing for school district budgets."

This bill establishes new budget procedures for school districts to be used starting with the 1978 fiscal year budget to be developed in 1977.

Section 36 declares an emergency and provides for the bill to go into effect on March 1, 1976. I am advised by the Superintendent of Public Instruction that, inasmuch as the present school district budget act in RCW 28A.65 has been repealed in section 34 of the bill, there will be a period of time when school districts will have no specific guidelines to follow in developing their budgets. In removing the emergency clause, it is hoped that the Superintendent of Public Instruction will be able, during the 90 day period before the bill goes into effect, to develop the necessary rules and regulations to implement this new act. Accordingly, I have determined to veto section 36.

With the exception of section 36, which I have vetoed for the reasons stated, the remainder of the bill is approved."

CHAPTER 119

[Substitute House Bill No. 1544]

INSURANCE

AN ACT Relating to insurance; amending section 1, chapter 166, Laws of 1963 as amended by section 1, chapter 132, Laws of 1974 ex. sess. and RCW 48.14.021; amending section .18.29, chapter 79, Laws of 1947 and RCW 48.18.290; amending section .30.14, chapter 79, Laws of 1947 and RCW 48.30.140; amending section .30.15, chapter 79, Laws of 1947 as amended by section 18, chapter 193, Laws of 1957 and RCW 48.30.150; amending section 8, chapter 259, Laws of 1971 ex. sess. and RCW 48.32A.080; amending section 8, chapter 190, Laws of 1969 ex. sess. and RCW 48.56-.080; adding a new section to chapter 48.30 RCW; repealing section 1, chapter 174, Laws of 1971 ex. sess. and RCW 48.30.280; and repealing section 2, chapter 174, Laws of 1971 ex. sess. and RCW 48.30.290.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 1, chapter 166, Laws of 1963 as amended by section 1, chapter 132, Laws of 1974 ex. sess. and RCW 48.14.021 are each amended to read as follows:

As to premiums received from policies or contracts issued in connection with a pension, annuity or profit-sharing plan exempt or qualified under sections 401,