



PROPOSED RULE MAKING

CR-102 (June 2024)
(Implements RCW 34.05.320)
Do **NOT** use for expedited rule making

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STATE OF WASHINGTON
FILED

DATE: June 15, 2026

TIME: 9:49 AM

WSR 26-13-073

Agency: Office of Superintendent of Public Instruction (OSPI)

Original Notice

Supplemental Notice to WSR _____

Continuance of WSR _____

Preproposal Statement of Inquiry was filed as WSR 26-09-124 ; or

Expedited Rule Making--Proposed notice was filed as WSR _____; or

Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or

Proposal is exempt under RCW _____.

Title of rule and other identifying information: (describe subject) WAC 392-123-049 Basis of budgeting and accounting; WAC 392-123-060 Petition to budget receivable collectible in future fiscal periods; WAC 392-123-071 Budget extensions--First-class school districts; WAC 392-123-072 Budget extensions--Second-class school districts; WAC 392-123-076 Identification of balanced budget; WAC 392-123-078 Review of first-class school district budgets and budget extensions; WAC 392-123-079 Review of second-class district budgets and budget extensions; WAC 392-123-080 Budget determined to be unsound after superintendent's review; WAC 392-123-095 Budget as noncompliant and unsound; WAC 392-123-100 Revised budget not submitted or noncompliant; WAC 392-123-105 State board of education action regarding missing or noncompliant budget; WAC 392-123-121 Financial condition determined to be unsound after superintendent's review; WAC 392-123-150 Interfund loans – Payment of interest; WAC 392-123-171 Proceeds from the sale of school district real property when district is subject to binding conditions

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
July 23, 2026	10:00 a.m.	Virtual Public Hearing via Zoom (call-in option also available). Participation link available on OSPI Rules webpage: ospi.k12.wa.us/policy-funding/ospi-rulemaking-activity	The hearing will be held as a virtual public hearing, without a physical meeting space. Please visit the OSPI Rules webpage for information on participating in the hearing: ospi.k12.wa.us/policy-funding/ospi-rulemaking-activity For participation questions, please email: sirena.wu@k12.wa.us

Date of intended adoption: July 27, 2026 (Note: This is **NOT** the **effective** date)

Submit written comments to:

Name Becky McLean; Manager, Enrollment Reporting and

Categorical Funding

Address OSPI, PO Box 47200, Olympia, WA 98504

Email becky.mclean@k12.wa.us

Fax

Other

Beginning (date and time) June 16, 2026, 8:00 a.m.

By (date and time) July 23, 2026, 5:00 p.m.

Assistance for persons with disabilities:

Contact Sirena Wu, OSPI Rules Coordinator

Phone 360-480-9317

Fax

TTY 360-664-3631

Email sirena.wu@k12.wa.us

Other

By (date) July 16, 2026

Purpose of the proposal and its anticipated effects, including any changes in existing rules: OSPI is proposing rulemaking to address school districts' budgeting practices. Additionally, OSPI is proposing rulemaking concerning the sale of school district real property who are in binding conditions and to address the charging of interest when districts in binding conditions or under enhanced financial oversight for temporary interfund loan from its capital projects fund in alignment with Substitute Senate Bill 5412 (2025).

Reasons supporting proposal: Districts experiencing financial solvency issues, under binding conditions and seeking apportionment advances require additional rules to clarify existing statutes and rules.

Statutory authority for adoption: Substitute Senate Bill 5412 (Chapter 384, Laws of 2025), RCW 28A.65.465, RCW 28A.150.290, RCW 28A.335.135, RCW 28A.505.040, RCW 28A.505.090, RCW 28A.505.140, RCW 28A.710.220

Statute being implemented: Districts experiencing financial solvency issues, under binding conditions and seeking apportionment advances require additional rules to clarify existing statutes and rules.

Is rule necessary because of a:

- Federal Law? Yes No
- Federal Court Decision? Yes No
- State Court Decision? Yes No

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization)

Type of proponent: Private. Public. Governmental.

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting	Becky McLean	OSPI, 600 S. Washington St, Olympia, WA	360-725-6306
Implementation	Paul Stone	OSPI, 600 S. Washington St, Olympia, WA	360-725-6303
Enforcement	Shawn Lewis	OSPI, 600 S. Washington St, Olympia, WA	360-725-6019

Is a school district fiscal impact statement required under [RCW 28A.305.135](#)?

Yes No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

- Name
- Address
- Phone
- Fax
- TTY
- Email
- Other

Is a cost-benefit analysis required under [RCW 34.05.328](#)?

Yes: A preliminary cost-benefit analysis may be obtained by contacting:

- Name
- Address
- Phone
- Fax
- TTY
- Email
- Other

No: Please explain:

Regulatory Fairness Act and Small Business Economic Impact Statement

Note: The [Governor's Office for Regulatory Innovation and Assistance \(ORIA\)](#) provides support in completing this part.

(1) Identification of exemptions:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see [chapter 19.85 RCW](#)). For additional information on exemptions, consult the [exemption guide published by ORIA](#). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.061](#) because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by [RCW 34.05.313](#) before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of [RCW 15.65.570\(2\)](#) because it was adopted by a referendum.

- This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025\(3\)](#). Check all that apply:
- | | |
|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> RCW 34.05.310 (4)(b)
(Internal government operations) | <input type="checkbox"/> RCW 34.05.310 (4)(e)
(Dictated by statute) |
| <input type="checkbox"/> RCW 34.05.310 (4)(c)
(Incorporation by reference) | <input type="checkbox"/> RCW 34.05.310 (4)(f)
(Set or adjust fees) |
| <input type="checkbox"/> RCW 34.05.310 (4)(d)
(Correct or clarify language) | <input type="checkbox"/> RCW 34.05.310 (4)(g)
(i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit) |

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025\(4\)](#). (Does not affect small businesses).

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.030](#).

Explanation of how the above exemption(s) applies to the proposed rule: 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).

(2) Scope of exemptions: *Check one.*

The rule proposal: Is fully exempt. (*Skip section 3.*) Exemptions identified above apply to all portions of the rule proposal.

The rule proposal: Is partially exempt. (*Complete section 3.*) The exemptions identified above apply to portions of the rule proposal, but less than the entire rule proposal. Provide details here (consider using [this template from ORIA](#)):

The rule proposal: Is not exempt. (*Complete section 3.*) No exemptions were identified above.

(3) Small business economic impact statement: *Complete this section if any portion is not exempt.*

If any portion of the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

No Briefly summarize the agency's minor cost analysis and how the agency determined the proposed rule did not impose more-than-minor costs. _____

Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses and a small business economic impact statement is required. Insert the required small business economic impact statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

- Name
- Address
- Phone
- Fax
- TTY
- Email
- Other

Date: June 15, 2026

Name: Chris Reykdal

Title: State Superintendent of Public Instruction

Signature: