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## Appropriations Committee

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### HB 1813

**Brief Description:** Incorporating the costs of employee health benefits into school district contracts for pupil transportation.

**Sponsors:** Representatives Sullivan, Santos, Ortiz-Self and Ormsby.

#### Brief Summary of Bill

- Requires that school district contracts for pupil transportation services must include sufficient funds to provide employees of the contracting employer with health benefits and pension contributions equivalent to those of school district classified employees.

**Hearing Date:** 2/14/19

**Staff:** David Pringle (786-7310).

#### Background:

The state's program of basic education includes transportation for some students to and from school. The current funding model was established under legislation enacted in 2009 and 2010, redefining the state's program of basic education and restructuring the kindergarten through grade 12 (K-12) funding formulas. Funding allocations for pupil transportation are based on a combination of prior year allocations and district expenditures, and a regression analysis of unique characteristics that are used to estimate the expected cost to transport students to and from school. The employee compensation costs included in the allowable transportation expenditures used to establish each school district's independent variable for the regression analysis are limited to base salary and benefit rates provided in the budget. Alternative formulas are available for districts with low enrollment, nonhigh districts, and others.

School districts may contract with private nongovernmental entities for pupil transportation services provided that the district engages in an open competitive process for the services at least once every five years.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

In 2017 the Legislature created the School Employees' Benefits Board (SEBB) with the enactment of Engrossed House Bill 2242. Beginning January 1, 2020, all public schools must provide health care and related benefits to employees through the SEBB program, administered by the Health Care Authority (HCA). The state allocates funding to each school district for employee fringe benefits such as health care and for the cost to districts of covering retiree health care for state-funded K-12 staff units. Health benefits funding under the SEBB program is bargained between the Governor or the Governor's designee and one coalition of all the exclusive bargaining representatives impacted by benefit purchasing with the SEBB.

Classified school employees are provided pension benefits through the School Employees' Retirement System, administered by the Department of Retirement Systems. For the 2019-21 fiscal biennium, the Pension Funding Council has adopted an employer contribution rate of 13.01 percent, and an employee contribution rate of 8.25 percent.

**Summary of Bill:**

Beginning January 1, 2020, any pupil transportation services contract must include sufficient funds for the contract employer to provide employees of the contractor with an employer health benefits contribution equal to the rate established for the School Employees' Benefits Board, less the retiree remittance, plus an amount equivalent to the total employer and employee contribution rate to the School Employees' Retirement System.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.