
Appropriations Committee

HB 2096

Brief Description: Concerning educational service district health benefits.

Sponsors: Representatives Bergquist, Stonier, Sullivan and Lovick.

Brief Summary of Bill

- Delays participation of non-represented Educational Service District (ESD) employees in the School Employees' Benefits Board (SEBB) until January 1, 2024.
- Requires the Health Care Authority to study ESD health benefits and the impact of ESD participation in SEBB.

Hearing Date: 2/26/19

Staff: James Mackison (786-7104).

Background:

School Employees' Benefits Board.

In 2017 the Legislature created the nine-member School Employees' Benefits Board (SEBB). Beginning January 1, 2020, all school districts, educational service districts, and charter schools must provide health care and related benefits to employees through the SEBB program, administered by the Health Care Authority (HCA).

Under the SEBB, collective bargaining for school employee health benefits is consolidated to a single agreement negotiated between the Governor (or designee) and representatives of all school employee labor organizations – the results of which are subject to approval by the Legislature. This is a change from the prior bargaining process, where through the end of 2019 each district purchases health benefits separately and bargains locally with its employees regarding the specific benefits package. Under the prior system, employee and employer contributions vary by district, and by bargaining units within districts.

Educational Service Districts.

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.

There are nine regional educational service districts (ESDs) in the state, which are required to participate in the SEBB beginning in 2020. Each is governed by a board consisting of seven to nine members elected by the school directors of the ESD. The ESDs' responsibilities include:

- providing cooperative, administrative, and informational services to and on behalf of local school districts; and
- assisting the Superintendent of Public Instruction and the State Board of Education in the performance of their duties.

The ESDs provide a variety of services, which are funded by several revenue sources. Services include back office administrative support, fiscal support, technology services, special education, early childhood education, professional development, and other instructional and non-instructional programs. Revenue is provided to the ESDs through fees paid by school districts and others for fee for service and co-operative programs, state and federal grants, and direct state allocations. The ESDs have reported that they employ approximately 2,000 staff, an estimated 270 of which are represented by a union. The state allocates funding for approximately 100 staff directly to the ESDs.

State Funding Formulas for School Health Benefits.

Based on prototypical school formulas, the state allocates funding to each school district for employee health benefits and for the cost to districts of covering retiree health care for state-funded kindergarten through grade 12 (K-12) staff units. Staff types for which the state allocates benefits funding include: instructional staff, administrative staff, classified staff, district-wide support staff, and central office staff. Formulas for special education, bilingual, and other categorical programs also include health benefits in the calculation. State funding for staff directly allocated by the state to the ESDs also includes health benefits allocations.

Summary of Bill:

Participation in the SEBB by non-represented ESD employees is delayed from January 1, 2020 to January 1, 2024.

The HCA, in consultation with the Office of the Superintendent of Public Instruction, the Office of Financial Management, and the ESDs, is required to study ESD health benefits and the impact of ESD participation in the SEBB. The study must analyze ESD and SEBB health benefits and costs, and ESD revenue sources' ability to support SEBB rates. The HCA must report findings to legislative fiscal committees by December 31, 2020.

Appropriation: None.

Fiscal Note: Requested on February 22, 2019.

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