

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE HOUSE BILL 2140**

66th Legislature  
2019 Regular Session

Passed by the House April 28, 2019  
Yeas 66 Nays 32

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**Speaker of the House of Representatives**

Passed by the Senate April 28, 2019  
Yeas 34 Nays 15

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2140** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**ENGROSSED SUBSTITUTE HOUSE BILL 2140**

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AS AMENDED BY THE SENATE

Passed Legislature - 2019 Regular Session

**State of Washington                      66th Legislature                      2019 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Sullivan, Dolan, and Thai)

READ FIRST TIME 04/09/19.

1            AN ACT Relating to K-12 education funding; amending RCW  
2 84.52.065, 28A.300.780, 28A.320.330 41.05.011, 41.05.050,  
3 28A.400.350, and 28C.--.---; creating a new section; providing a  
4 contingent effective date; and declaring an emergency.

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

6            **Sec. 1.** RCW 84.52.065 and 2018 c 295 s 1 are each amended to  
7 read as follows:

8            STATE PROPERTY TAX DEPOSIT. (1) Except as otherwise provided in  
9 this section, subject to the limitations in RCW 84.55.010, in each  
10 year the state must levy for collection in the following year for the  
11 support of common schools of the state a tax of three dollars and  
12 sixty cents per thousand dollars of assessed value upon the assessed  
13 valuation of all taxable property within the state adjusted to the  
14 state equalized value in accordance with the indicated ratio fixed by  
15 the state department of revenue.

16            (2)(a) In addition to the tax authorized under subsection (1) of  
17 this section, the state must levy an additional property tax for the  
18 support of common schools of the state.

19            (i) For taxes levied for collection in calendar years 2018  
20 through 2021, the rate of tax is the rate necessary to bring the  
21 aggregate rate for state property tax levies levied under this

1 subsection and subsection (1) of this section to a combined rate of  
2 two dollars and forty cents per thousand dollars of assessed value in  
3 calendar year 2019 and two dollars and seventy cents per thousand  
4 dollars of assessed value in calendar years 2018, 2020, and 2021. The  
5 state property tax levy rates provided in this subsection (2)(a)(i)  
6 are based upon the assessed valuation of all taxable property within  
7 the state adjusted to the state equalized value in accordance with  
8 the indicated ratio fixed by the state department of revenue.

9 (ii) For taxes levied for collection in calendar year 2022 and  
10 thereafter, the tax authorized under this subsection (2) is subject  
11 to the limitations of chapter 84.55 RCW.

12 (b)(i) Except as otherwise provided in this subsection, all taxes  
13 collected under this subsection (2) must be deposited into the state  
14 general fund.

15 (ii) For fiscal year 2019, (~~nine hundred thirty-five million~~  
16 ~~dollars of~~) taxes collected under this subsection (2) must be  
17 deposited into the education legacy trust account for the support of  
18 common schools.

19 (3) For taxes levied for collection in calendar years 2019  
20 through 2021, the state property taxes levied under subsections (1)  
21 and (2) of this section are not subject to the limitations in chapter  
22 84.55 RCW.

23 (4) For taxes levied for collection in calendar year 2022 and  
24 thereafter, the aggregate rate limit for state property taxes levied  
25 under subsections (1) and (2) of this section is three dollars and  
26 sixty cents per thousand dollars of assessed value upon the assessed  
27 valuation of all taxable property within the state adjusted to the  
28 state equalized value in accordance with the indicated ratio fixed by  
29 the state department of revenue.

30 (5) For property taxes levied for collection in calendar years  
31 2019 through 2021, the rate of tax levied under subsection (1) of  
32 this section is the actual rate that was levied for collection in  
33 calendar year 2018 under subsection (1) of this section.

34 (6) As used in this section, "the support of common schools"  
35 includes the payment of the principal and interest on bonds issued  
36 for capital construction projects for the common schools.

37 **Sec. 2.** RCW 28A.300.780 and 2018 c 266 s 401 are each amended to  
38 read as follows:

1 HOLD HARMLESS. (1) For the 2018-19 and 2019-20 school years, the  
2 office of the superintendent of public instruction shall allocate a  
3 hold-harmless payment to school districts if the sum of (b) of this  
4 subsection is greater than the sum of (a) of this subsection for  
5 either of the respective school years or if a school district meets  
6 the criteria under subsection (2) of this section.

7 (a) The current school year is calculated as the sum of (a)(i)  
8 through (iii) of this subsection using the enrollments and values in  
9 effect for that school year for the school district's:

10 (i) Formula-driven state allocations in part V of the state  
11 omnibus appropriations act for these programs: General apportionment,  
12 employee compensation adjustments, pupil transportation, special  
13 education programs, institutional education programs, transitional  
14 bilingual programs, highly capable, and learning assistance programs;

15 (ii) Local effort assistance funding received under chapter  
16 28A.500 RCW; and

17 (iii) The lesser of the school district's voter-approved  
18 enrichment levy collection or the maximum levy authority provided  
19 under RCW 84.52.0531 for (~~the previous calendar~~) that school year.

20 (b) The baseline school year is calculated as the sum of (b)(i)  
21 through (iii) of this subsection using the current school year  
22 enrollments and the values in effect during the 2017-18 school year  
23 for the school district's:

24 (i) Formula-driven state allocations in part V of the state  
25 omnibus appropriations act for these programs: General apportionment,  
26 employee compensation adjustments, pupil transportation, special  
27 education programs, institutional education programs, transitional  
28 bilingual programs, highly capable, and learning assistance programs;

29 (ii) Local effort assistance funding received under chapter  
30 28A.500 RCW; and

31 (iii) Maintenance and operation levy collection under RCW  
32 84.52.0531 in the 2017 calendar year.

33 (2) From amounts appropriated in chapter 266, Laws of 2018, the  
34 superintendent of public instruction must prioritize hold harmless  
35 payments to districts that meet both the following criteria:

36 (a) The sum of the school district's enrichment levy under RCW  
37 84.52.0531 and 2017 3rd sp.s. c 13 s 203 and local effort assistance  
38 under RCW 28A.500.015 is less than half of the sum of the maintenance  
39 and operations levy and local effort assistance provided under law as  
40 it existed on January 1, 2017. For purposes of the calculation in

1 this subsection, the maintenance and operations levy is limited to  
2 the lesser of the voter-approved levy as of January 1, 2017, or the  
3 maximum levy under law as of January 1, 2017; and

4 (b) The adjusted assessed value of property within the school  
5 district as calculated by the department of revenue is greater than  
6 twenty billion dollars in calendar year 2017.

7 (3) Districts eligible for hold-harmless payments under  
8 subsection (1) of this section shall receive the difference between  
9 subsection (1)(b) and (a) of this section through the apportionment  
10 payment process in RCW 28A.510.250.

11 (4) The voters of the school district must approve an enrichment  
12 levy under RCW 84.52.0531 to be eligible for a hold-harmless payment  
13 under this section.

14 (5) This section expires December 31, 2020.

15 **Sec. 3.** RCW 28A.320.330 and 2018 c 266 s 302 are each amended to  
16 read as follows:

17 School districts shall establish the following funds in addition  
18 to those provided elsewhere by law:

19 (1)(a) A general fund for the school district to account for all  
20 financial operations of the school district except those required to  
21 be accounted for in another fund.

22 (b) By the 2018-19 school year, a local revenue subfund of its  
23 general fund to account for the financial operations of a school  
24 district that are paid from local revenues. The local revenues that  
25 must be deposited in the local revenue subfund are enrichment levies  
26 and transportation vehicle levies collected under RCW 84.52.053,  
27 local effort assistance funding received under chapter 28A.500 RCW,  
28 and other school district local revenues including, but not limited  
29 to, grants, donations, and state and federal payments in lieu of  
30 taxes, but do not include other federal revenues, or local revenues  
31 that operate as an offset to the district's basic education  
32 allocation under RCW 28A.150.250. School districts must track  
33 expenditures from this subfund separately to account for the  
34 expenditure of each of these streams of revenue by source, and must  
35 provide any supplemental expenditure schedules required by the  
36 superintendent of public instruction or state auditor for purposes of  
37 RCW 43.09.2856.

38 (2) A capital projects fund shall be established for major  
39 capital purposes. All statutory references to a "building fund" shall

1 mean the capital projects fund so established. Money to be deposited  
2 into the capital projects fund shall include, but not be limited to,  
3 bond proceeds, proceeds from excess levies authorized by RCW  
4 84.52.053, state apportionment proceeds as authorized by RCW  
5 28A.150.270, earnings from capital projects fund investments as  
6 authorized by RCW 28A.320.310 and 28A.320.320, and state forest  
7 revenues transferred pursuant to subsection (3) of this section.

8 Money derived from the sale of bonds, including interest earnings  
9 thereof, may only be used for those purposes described in RCW  
10 28A.530.010, except that accrued interest paid for bonds shall be  
11 deposited in the debt service fund.

12 Money to be deposited into the capital projects fund shall  
13 include but not be limited to rental and lease proceeds as authorized  
14 by RCW 28A.335.060, and proceeds from the sale of real property as  
15 authorized by RCW 28A.335.130.

16 Money legally deposited into the capital projects fund from other  
17 sources may be used for the purposes described in RCW 28A.530.010,  
18 and for the purposes of:

19 (a) Major renovation and replacement of facilities and systems  
20 where periodical repairs are no longer economical or extend the  
21 useful life of the facility or system beyond its original planned  
22 useful life. Such renovation and replacement shall include, but shall  
23 not be limited to, major repairs, exterior painting of facilities,  
24 replacement and refurbishment of roofing, exterior walls, windows,  
25 heating and ventilating systems, floor covering in classrooms and  
26 public or common areas, and electrical and plumbing systems.

27 (b) Renovation and rehabilitation of playfields, athletic fields,  
28 and other district real property.

29 (c) The conduct of preliminary energy audits and energy audits of  
30 school district buildings. For the purpose of this section:

31 (i) "Preliminary energy audits" means a determination of the  
32 energy consumption characteristics of a building, including the size,  
33 type, rate of energy consumption, and major energy using systems of  
34 the building.

35 (ii) "Energy audit" means a survey of a building or complex which  
36 identifies the type, size, energy use level, and major energy using  
37 systems; which determines appropriate energy conservation maintenance  
38 or operating procedures and assesses any need for the acquisition and  
39 installation of energy conservation measures, including solar energy  
40 and renewable resource measures.

1 (iii) "Energy capital improvement" means the installation, or  
2 modification of the installation, of energy conservation measures in  
3 a building which measures are primarily intended to reduce energy  
4 consumption or allow the use of an alternative energy source.

5 (d) Those energy capital improvements which are identified as  
6 being cost-effective in the audits authorized by this section.

7 (e) Purchase or installation of additional major items of  
8 equipment and furniture: PROVIDED, That vehicles shall not be  
9 purchased with capital projects fund money.

10 (f)(i) Costs associated with implementing technology systems,  
11 facilities, and projects, including acquiring hardware, licensing  
12 software, and online applications and training related to the  
13 installation of the foregoing. However, the software or applications  
14 must be an integral part of the district's technology systems,  
15 facilities, or projects.

16 (ii) Costs associated with the application and modernization of  
17 technology systems for operations and instruction including, but not  
18 limited to, the ongoing fees for online applications, subscriptions,  
19 or software licenses, including upgrades and incidental services, and  
20 ongoing training related to the installation and integration of these  
21 products and services. However, to the extent the funds are used for  
22 the purpose under this subsection (2)(f)(ii), the school district  
23 shall transfer to the district's general fund the portion of the  
24 capital projects fund used for this purpose. The office of the  
25 superintendent of public instruction shall develop accounting  
26 guidelines for these transfers in accordance with internal revenue  
27 service regulations.

28 (g) Major equipment repair, painting of facilities, and other  
29 major preventative maintenance purposes. However, to the extent the  
30 funds are used for the purpose under this subsection (2)(g), the  
31 school district shall transfer to the district's general fund the  
32 portion of the capital projects fund used for this purpose. The  
33 office of the superintendent of public instruction shall develop  
34 accounting guidelines for these transfers in accordance with internal  
35 revenue service regulations. Based on the district's most recent two-  
36 year history of general fund maintenance expenditures, funds used for  
37 this purpose may not replace routine annual preventive maintenance  
38 expenditures made from the district's general fund.

39 (h) During the 2019-2021 fiscal biennium, renovation and  
40 replacement of facilities and systems, purchase or installation of

1 items of equipment and furniture, including maintenance vehicles and  
2 machinery, and other preventative maintenance or infrastructure  
3 improvement purposes.

4 (3) A debt service fund to provide for tax proceeds, other  
5 revenues, and disbursements as authorized in chapter 39.44 RCW. State  
6 forestland revenues that are deposited in a school district's debt  
7 service fund pursuant to RCW 79.64.110 and to the extent not  
8 necessary for payment of debt service on school district bonds may be  
9 transferred by the school district into the district's capital  
10 projects fund.

11 (4) An associated student body fund as authorized by RCW  
12 28A.325.030.

13 (5) Advance refunding bond funds and refunded bond funds to  
14 provide for the proceeds and disbursements as authorized in chapter  
15 39.53 RCW.

16 **Sec. 4.** RCW 41.05.011 and 2018 c 260 s 4 are each amended to  
17 read as follows:

18 The definitions in this section apply throughout this chapter  
19 unless the context clearly requires otherwise.

20 (1) "Authority" means the Washington state health care authority.

21 (2) "Board" means the public employees' benefits board  
22 established under RCW 41.05.055 and the school employees' benefits  
23 board established under RCW 41.05.740.

24 (3) "Dependent care assistance program" means a benefit plan  
25 whereby employees and school employees may pay for certain employment  
26 related dependent care with pretax dollars as provided in the salary  
27 reduction plan under this chapter pursuant to 26 U.S.C. Sec. 129 or  
28 other sections of the internal revenue code.

29 (4) "Director" means the director of the authority.

30 (5) "Emergency service personnel killed in the line of duty"  
31 means law enforcement officers and firefighters as defined in RCW  
32 41.26.030, members of the Washington state patrol retirement fund as  
33 defined in RCW 43.43.120, and reserve officers and firefighters as  
34 defined in RCW 41.24.010 who die as a result of injuries sustained in  
35 the course of employment as determined consistent with Title 51 RCW  
36 by the department of labor and industries.

37 (6) (a) "Employee" for the public employees' benefits board  
38 program includes all employees of the state, whether or not covered  
39 by civil service; elected and appointed officials of the executive



1 branch of government, including full-time members of boards,  
2 commissions, or committees; justices of the supreme court and judges  
3 of the court of appeals and the superior courts; and members of the  
4 state legislature. Pursuant to contractual agreement with the  
5 authority, "employee" may also include: (i) Employees of a county,  
6 municipality, or other political subdivision of the state and members  
7 of the legislative authority of any county, city, or town who are  
8 elected to office after February 20, 1970, if the legislative  
9 authority of the county, municipality, or other political subdivision  
10 of the state submits application materials to the authority to  
11 provide any of its insurance programs by contract with the authority,  
12 as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of  
13 employee organizations representing state civil service employees, at  
14 the option of each such employee organization; (iii) through December  
15 31, 2019, employees of a school district if the authority agrees to  
16 provide any of the school districts' insurance programs by contract  
17 with the authority as provided in RCW 28A.400.350; (iv) employees of  
18 a tribal government, if the governing body of the tribal government  
19 seeks and receives the approval of the authority to provide any of  
20 its insurance programs by contract with the authority, as provided in  
21 RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health  
22 benefit exchange if the governing board of the exchange established  
23 in RCW 43.71.020 seeks and receives approval of the authority to  
24 provide any of its insurance programs by contract with the authority,  
25 as provided in RCW 41.05.021(1) (g) and (n); and (vi) through  
26 December 31, 2019, employees of a charter school established under  
27 chapter 28A.710 RCW. "Employee" does not include: Adult family home  
28 providers; unpaid volunteers; patients of state hospitals; inmates;  
29 employees of the Washington state convention and trade center as  
30 provided in RCW 41.05.110; students of institutions of higher  
31 education as determined by their institution; and any others not  
32 expressly defined as employees under this chapter or by the authority  
33 under this chapter.

34 (b) Effective January 1, 2020, "school employee" for the school  
35 employees' benefits board program includes:

36 (i) All employees of school districts (~~(, educational service~~  
37 ~~districts,)~~) and charter schools established under chapter 28A.710  
38 RCW;

39 (ii) Represented employees of educational service districts; and

1 (iii) Effective January 1, 2024, all employees of educational  
2 service districts.

3 (7) "Employee group" means employees of a similar employment  
4 type, such as administrative, represented classified, nonrepresented  
5 classified excluding such employees in educational service districts  
6 until December 31, 2023, confidential, represented certificated, or  
7 nonrepresented certificated excluding such employees in educational  
8 service districts until December 31, 2023, within a school employees'  
9 benefits board organization.

10 (8)(a) "Employer" for the public employees' benefits board  
11 program means the state of Washington.

12 (b) "Employer" for the school employees' benefits board program  
13 means school districts and educational service districts and charter  
14 schools established under chapter 28A.710 RCW.

15 (9) "Employer group" means those counties, municipalities,  
16 political subdivisions, the Washington health benefit exchange,  
17 tribal governments, employee organizations representing state civil  
18 service employees, and through December 31, 2019, school districts,  
19 ((educational service districts, and)) charter schools, and through  
20 December 31, 2023, educational service districts obtaining employee  
21 benefits through a contractual agreement with the authority to  
22 participate in benefit plans developed by the public employees'  
23 benefits board.

24 (10)(a) "Employing agency" for the public employees' benefits  
25 board program means a division, department, or separate agency of  
26 state government, including an institution of higher education; a  
27 county, municipality, or other political subdivision; and a tribal  
28 government covered by this chapter.

29 (b) "Employing agency" for the school employees' benefits board  
30 program means school districts, educational service districts, and  
31 charter schools.

32 (11) "Faculty" means an academic employee of an institution of  
33 higher education whose workload is not defined by work hours but  
34 whose appointment, workload, and duties directly serve the  
35 institution's academic mission, as determined under the authority of  
36 its enabling statutes, its governing body, and any applicable  
37 collective bargaining agreement.

38 (12) "Flexible benefit plan" means a benefit plan that allows  
39 employees and school employees to choose the level of health care

1 coverage provided and the amount of employee or school employee  
2 contributions from among a range of choices offered by the authority.

3 (13) "Insuring entity" means an insurer as defined in chapter  
4 48.01 RCW, a health care service contractor as defined in chapter  
5 48.44 RCW, or a health maintenance organization as defined in chapter  
6 48.46 RCW.

7 (14) "Medical flexible spending arrangement" means a benefit plan  
8 whereby state and school employees may reduce their salary before  
9 taxes to pay for medical expenses not reimbursed by insurance as  
10 provided in the salary reduction plan under this chapter pursuant to  
11 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

12 (15) "Participant" means an individual who fulfills the  
13 eligibility and enrollment requirements under the salary reduction  
14 plan.

15 (16) "Plan year" means the time period established by the  
16 authority.

17 (17) "Premium payment plan" means a benefit plan whereby public  
18 employees may pay their share of group health plan premiums with  
19 pretax dollars as provided in the salary reduction plan under this  
20 chapter pursuant to 26 U.S.C. Sec. 125 or other sections of the  
21 internal revenue code.

22 (18) "Public employee" has the same meaning as employee and  
23 school employee.

24 (19) "Retired or disabled school employee" means:

25 (a) Persons who separated from employment with a school district  
26 or educational service district and are receiving a retirement  
27 allowance under chapter 41.32 or 41.40 RCW as of September 30, 1993;

28 (b) Persons who separate from employment with a school district,  
29 educational service district, or charter school on or after October  
30 1, 1993, and immediately upon separation receive a retirement  
31 allowance under chapter 41.32, 41.35, or 41.40 RCW;

32 (c) Persons who separate from employment with a school district,  
33 educational service district, or charter school due to a total and  
34 permanent disability, and are eligible to receive a deferred  
35 retirement allowance under chapter 41.32, 41.35, or 41.40 RCW.

36 (20) "Salary" means a state or school employee's monthly salary  
37 or wages.

38 (21) "Salary reduction plan" means a benefit plan whereby public  
39 employees may agree to a reduction of salary on a pretax basis to  
40 participate in the dependent care assistance program, medical

1 flexible spending arrangement, or premium payment plan offered  
2 pursuant to 26 U.S.C. Sec. 125 or other sections of the internal  
3 revenue code.

4 (22) "School employees' benefits board organization" means a  
5 public school district or educational service district or charter  
6 school established under chapter 28A.710 RCW that is required to  
7 participate in benefit plans provided by the school employees'  
8 benefits board.

9 (23) "School year" means school year as defined in RCW  
10 28A.150.203(11).

11 (24) "Seasonal employee" means a state employee hired to work  
12 during a recurring, annual season with a duration of three months or  
13 more, and anticipated to return each season to perform similar work.

14 (25) "Separated employees" means persons who separate from  
15 employment with an employer as defined in:

- 16 (a) RCW 41.32.010(17) on or after July 1, 1996; or
- 17 (b) RCW 41.35.010 on or after September 1, 2000; or
- 18 (c) RCW 41.40.010 on or after March 1, 2002;

19 and who are at least age fifty-five and have at least ten years of  
20 service under the teachers' retirement system plan 3 as defined in  
21 RCW 41.32.010(33), the Washington school employees' retirement system  
22 plan 3 as defined in RCW 41.35.010, or the public employees'  
23 retirement system plan 3 as defined in RCW 41.40.010.

24 (26) "State purchased health care" or "health care" means medical  
25 and health care, pharmaceuticals, and medical equipment purchased  
26 with state and federal funds by the department of social and health  
27 services, the department of health, the basic health plan, the state  
28 health care authority, the department of labor and industries, the  
29 department of corrections, the department of veterans affairs, and  
30 local school districts.

31 (27) "Tribal government" means an Indian tribal government as  
32 defined in section 3(32) of the employee retirement income security  
33 act of 1974, as amended, or an agency or instrumentality of the  
34 tribal government, that has government offices principally located in  
35 this state.

36 **Sec. 5.** RCW 41.05.050 and 2018 c 260 s 10 are each amended to  
37 read as follows:

- 38 (1) Every: (a) Department, division, or separate agency of state  
39 government; (b) county, municipal, school district, educational

1 service district, or other political subdivisions; and (c) tribal  
2 governments as are covered by this chapter, shall provide  
3 contributions to insurance and health care plans for its employees  
4 and their dependents, the content of such plans to be determined by  
5 the authority. Contributions, paid by the county, the municipality,  
6 other political subdivision, or a tribal government for their  
7 employees, shall include an amount determined by the authority to pay  
8 such administrative expenses of the authority as are necessary to  
9 administer the plans for employees of those groups, except as  
10 provided in subsection (4) of this section.

11 (2) To account for increased cost of benefits for the state and  
12 for state employees, the authority may develop a rate surcharge  
13 applicable to participating counties, municipalities, other political  
14 subdivisions, and tribal governments.

15 (3) The contributions of any: (a) Department, division, or  
16 separate agency of the state government; (b) county, municipal, or  
17 other political subdivisions; (c) any tribal government as are  
18 covered by this chapter; and (d) school districts, educational  
19 service districts, and charter schools, shall be set by the  
20 authority, subject to the approval of the governor for availability  
21 of funds as specifically appropriated by the legislature for that  
22 purpose. Insurance and health care contributions for ferry employees  
23 shall be governed by RCW 47.64.270.

24 (4)(a) Until January 1, 2020, the authority shall collect from  
25 each participating school district and educational service district  
26 an amount equal to the composite rate charged to state agencies, plus  
27 an amount equal to the employee premiums by plan and family size as  
28 would be charged to employees, for groups of school district and  
29 educational service district employees enrolled in authority plans.  
30 The authority may collect these amounts in accordance with the school  
31 district or educational service district fiscal year, as described in  
32 RCW 28A.505.030.

33 (b) (i) For all groups of school district or educational service  
34 district employees enrolling in authority plans for the first time  
35 after September 1, 2003, and until January 1, 2020, the authority  
36 shall collect from each participating school district or educational  
37 service district an amount equal to the composite rate charged to  
38 state agencies, plus an amount equal to the employee premiums by plan  
39 and by family size as would be charged to employees, only if the  
40 authority determines that this method of billing the school districts

1 and educational service districts will not result in a material  
2 difference between revenues from school districts and educational  
3 service districts and expenditures made by the authority on behalf of  
4 school districts and educational service districts and their  
5 employees. The authority may collect these amounts in accordance with  
6 the school district or educational service district fiscal year, as  
7 described in RCW 28A.505.030.

8 (ii) For all groups of educational service district employees'  
9 enrolling in plans developed by the public employees' benefits board  
10 after January 1, 2020, and until January 1, 2024, the authority shall  
11 collect from each participating educational service district an  
12 amount equal to the composite rate charged to state agencies, plus an  
13 amount equal to the employee premiums by plan and by family size as  
14 would be charged to employees, only if the authority determines that  
15 this method of billing the educational service districts will not  
16 result in a material difference between revenues from educational  
17 service districts and expenditures made by the authority on behalf of  
18 educational service districts and their employees. The authority may  
19 collect these amounts in accordance with the educational service  
20 district fiscal year, as described in RCW 28A.505.030.

21 (c) Until January 1, 2020, if the authority determines at any  
22 time that the conditions in (b) of this subsection cannot be met, the  
23 authority shall offer enrollment to additional groups of school and  
24 educational service district employees on a tiered rate structure  
25 until such time as the authority determines there would be no  
26 material difference between revenues and expenditures under a  
27 composite rate structure for all school and educational service  
28 district employees enrolled in authority plans.

29 (d) (i) Beginning January 1, 2020, all school districts,  
30 represented employees of educational service districts, and charter  
31 schools shall commence participation in the school employees'  
32 benefits board program established under RCW 41.05.740. All school  
33 districts, represented employees of educational service districts,  
34 charter schools, and all school district employee groups  
35 participating in the public employees' benefits board plans before  
36 January 1, 2020, shall thereafter participate in the school  
37 employees' benefits board program administered by the authority. All  
38 school districts, represented employees of educational service  
39 districts, and charter schools shall provide contributions to the  
40 authority for insurance and health care plans for school employees

1 and their dependents. These contributions must be provided to the  
2 authority for all eligible school employees eligible for benefits  
3 under RCW 41.05.740(6)(d), including school employees who have waived  
4 their coverage; contributions to the authority are not required for  
5 individuals eligible for benefits under RCW 41.05.740(6)(e) who waive  
6 their coverage.

7 (ii) Beginning January 1, 2024, all educational service districts  
8 shall participate in the school employees' benefits board program.

9 (e) For the purposes of this subsection, "tiered rates" means the  
10 amounts the authority must pay to insuring entities by plan and by  
11 family size.

12 (f) Notwithstanding this subsection and RCW 41.05.065(4), the  
13 authority may allow school districts and educational service  
14 districts enrolled on a tiered rate structure prior to September 1,  
15 2002, and until January 1, 2020, to continue participation based on  
16 the same rate structure and under the same conditions and eligibility  
17 criteria.

18 (5) The authority shall transmit a recommendation for the amount  
19 of the employer contributions to the governor and the director of  
20 financial management for inclusion in the proposed budgets submitted  
21 to the legislature.

22 **Sec. 6.** RCW 28A.400.350 and 2018 c 260 s 23 are each amended to  
23 read as follows:

24 (1) The board of directors of any of the state's school districts  
25 or educational service districts may make available medical, dental,  
26 vision, liability, life, accident, disability, and salary protection  
27 or insurance, direct agreements as defined in chapter 48.150 RCW, or  
28 any one of, or a combination of the types of employee benefits  
29 enumerated in this subsection, or any other type of insurance or  
30 protection, for the members of the boards of directors, the students,  
31 and employees of the school district or educational service district,  
32 and their dependents. Except as provided in subsection (6) of this  
33 section, such coverage may be provided by contracts or agreements  
34 with private carriers, with the state health care authority, or  
35 through self-insurance or self-funding pursuant to chapter 48.62 RCW,  
36 or in any other manner authorized by law. Any direct agreement must  
37 comply with RCW 48.150.050.

38 (2)(a) Whenever funds are available for these purposes the board  
39 of directors of the school district or educational service district

1 may contribute all or a part of the cost of such protection or  
2 insurance for the employees of their respective school districts or  
3 educational service districts and their dependents. The premiums on  
4 such liability insurance shall be borne by the school district or  
5 educational service district.

6 (b) After October 1, 1990, school districts may not contribute to  
7 any employee protection or insurance other than liability insurance  
8 unless the district's employee benefit plan conforms to RCW  
9 28A.400.275 and 28A.400.280.

10 (c) After December 31, 2019, school district contributions to any  
11 employee insurance that is purchased through the health care  
12 authority must conform to the requirements established by chapter  
13 41.05 RCW and the school employees' benefits board.

14 (3) For school board members, educational service district board  
15 members, and students, the premiums due on such protection or  
16 insurance shall be borne by the assenting school board member,  
17 educational service district board member, or student. The school  
18 district or educational service district may contribute all or part  
19 of the costs, including the premiums, of life, health, health care,  
20 accident or disability insurance which shall be offered to all  
21 students participating in interschool activities on the behalf of or  
22 as representative of their school, school district, or educational  
23 service district. The school district board of directors and the  
24 educational service district board may require any student  
25 participating in extracurricular interschool activities to, as a  
26 condition of participation, document evidence of insurance or  
27 purchase insurance that will provide adequate coverage, as determined  
28 by the school district board of directors or the educational service  
29 district board, for medical expenses incurred as a result of injury  
30 sustained while participating in the extracurricular activity. In  
31 establishing such a requirement, the district shall adopt regulations  
32 for waiving or reducing the premiums of such coverage as may be  
33 offered through the school district or educational service district  
34 to students participating in extracurricular activities, for those  
35 students whose families, by reason of their low income, would have  
36 difficulty paying the entire amount of such insurance premiums. The  
37 district board shall adopt regulations for waiving or reducing the  
38 insurance coverage requirements for low-income students in order to  
39 assure such students are not prohibited from participating in  
40 extracurricular interschool activities.



1 (4) All contracts or agreements for insurance or protection  
2 written to take advantage of the provisions of this section shall  
3 provide that the beneficiaries of such contracts may utilize on an  
4 equal participation basis the services of those practitioners  
5 licensed pursuant to chapters 18.22, 18.25, 18.53, 18.57, and 18.71  
6 RCW.

7 (5) (a) Until the creation of the school employees' benefits board  
8 under RCW 41.05.740, school districts offering medical, vision, and  
9 dental benefits shall:

10 (i) Offer a high deductible health plan option with a health  
11 savings account that conforms to section 223, part VII of subchapter  
12 1 of the internal revenue code of 1986. School districts shall comply  
13 with all applicable federal standards related to the establishment of  
14 health savings accounts;

15 (ii) Make progress toward employee premiums that are established  
16 to ensure that full family coverage premiums are not more than three  
17 times the premiums for employees purchasing single coverage for the  
18 same coverage plan, unless a subsequent premium differential target  
19 is defined as a result of the review and subsequent actions described  
20 in RCW 41.05.655;

21 (iii) Offer employees at least one health benefit plan that is  
22 not a high deductible health plan offered in conjunction with a  
23 health savings account in which the employee share of the premium  
24 cost for a full-time employee, regardless of whether the employee  
25 chooses employee-only coverage or coverage that includes dependents,  
26 does not exceed the share of premium cost paid by state employees  
27 during the state employee benefits year that started immediately  
28 prior to the school year.

29 (b) All contracts or agreements for employee benefits must be  
30 held to responsible contracting standards, meaning a fair, prudent,  
31 and accountable competitive procedure for procuring services that  
32 includes an open competitive process, except where an open process  
33 would compromise cost-effective purchasing, with documentation  
34 justifying the approach.

35 (c) School districts offering medical, vision, and dental  
36 benefits shall also make progress on promoting health care  
37 innovations and cost savings and significantly reduce administrative  
38 costs.

1 (d) All contracts or agreements for insurance or protection  
2 described in this section shall be in compliance with chapter 3, Laws  
3 of 2012 2nd sp. sess.

4 (6) The authority to make available basic and optional benefits  
5 to school employees under this section expires December 31, 2019,  
6 except for nonrepresented employees of educational service districts  
7 for which the authority expires December 31, 2023. Beginning January  
8 1, 2020, school districts, for all school employees, and educational  
9 service districts, for represented employees, shall make available  
10 basic and optional benefits through plans offered by the health care  
11 authority and the school employees' benefits board. Beginning January  
12 1, 2024, educational service districts, for nonrepresented employees,  
13 shall make available basic and optional benefits through plans  
14 offered by the health care authority and the school employees'  
15 benefits board.

16 NEW SECTION. Sec. 7. (1) The Washington state health care  
17 authority, in consultation with the office of the superintendent of  
18 public instruction, educational service districts, and the office of  
19 financial management, shall study employee health benefits in  
20 educational service districts and the impact of participation in the  
21 school employees' benefits board program on educational service  
22 districts and their employees. The study must include an analysis of:

23 (a) Health benefit plans provided to educational service district  
24 employees and their costs;

25 (b) Estimated costs to educational service districts to  
26 participate in the school employees' benefits board program;

27 (c) Comparisons of costs, benefits offered, and employees  
28 covered, between educational service district health benefits and  
29 school employees' benefits board health benefits if adopted; and

30 (d) Revenue from school districts, state, federal, and other  
31 sources that support educational service district services and their  
32 ability to support rates negotiated for the school employees'  
33 benefits board program.

34 (2) By December 31, 2020, and in compliance with RCW 43.01.036,  
35 the Washington state health care authority must report findings from  
36 the study to the fiscal committees of the legislature.

37 NEW SECTION. Sec. 8. EFFECTIVE DATE FOR PROPERTY TAX DEPOSIT  
38 AND HOLD HARMLESS. Sections 1 and 2 of this act are necessary for the

1 immediate preservation of the public peace, health, or safety, or  
2 support of the state government and its existing public institutions,  
3 and take effect immediately.

4 **Sec. 9.** RCW 28C.--.--- and 2019 c ... (E2SHB 2158) s 56 are each  
5 amended to read as follows:

6 (1) Subject to the availability of amounts appropriated for this  
7 specific purpose, the career connected learning grant program is  
8 established as a competitive grant program to advance the career  
9 connect Washington vision under RCW 28C.--.--- (section 55,  
10 chapter . . . (E2SHB 2158), Laws of 2019). The employment security  
11 department shall administer the program. The governor's office shall  
12 work with the employment security department to establish grant  
13 criteria and guide the process for selection with consultation from  
14 the career connected learning cross-agency work group.

15 (2) The purpose of the career connected learning grant program is  
16 to create career connected learning opportunities, including career  
17 awareness and exploration, career preparation, and career launch  
18 programs, that are both tailored to the local needs of students and  
19 employers and designed so that students may receive high school or  
20 college credit across industries and regions of the state to the  
21 maximum extent possible.

22 (3) The program funds shall be used for two overarching purposes:

23 (a) Support regional career connected learning and work-  
24 integrated learning networks in both rural and urban areas under  
25 subsection (5) of this section; and

26 (b) Support career connected learning program intermediaries  
27 working within and across regions who partner with multiple  
28 employers, labor partners, and educational institutions, work with  
29 K-12 and postsecondary career representatives to develop curricula  
30 for new and innovative programs, and scale existing career awareness  
31 and exploration, career preparation, and endorsed career launch  
32 programs.

33 (4) The program administrator shall consult with the governor's  
34 office and the career connected learning cross-agency work group  
35 established in RCW 28C.--.--- (section 54, chapter . . . (E2SHB  
36 2158), Laws of 2019) to develop a formal request for proposal for  
37 both the regional career connected learning and work-integrated  
38 learning networks and the program intermediaries.

1 (5) (a) Proposals for regional career connected learning and work-  
2 integrated learning networks and intermediaries may be sought from  
3 applicants within the geographic areas of the nine educational  
4 service districts. Successful applicants shall convene and manage  
5 regional, cross-industry networks that will lead to the expansion of  
6 career connected learning opportunities.

7 (b) Regional career connected learning and work-integrated  
8 learning network applicants must demonstrate regional knowledge and  
9 status as a trusted partner of industry and education stakeholders, a  
10 track record of success with career connected learning and aligned  
11 initiatives, and a commitment to equity. Regional career connected  
12 learning networks may include, but are not limited to, regional  
13 education networks, school districts, educational service districts,  
14 higher education institutions, workforce development councils,  
15 chambers of commerce, industry associations, joint labor management  
16 councils, multiemployer training partnerships, economic development  
17 councils, and nonprofit organizations.

18 (6) Eligible program intermediary applicants may include, but are  
19 not limited to, new or existing industry associations, joint labor  
20 management councils, regional networks, career technical student  
21 organizations, postsecondary education and training institutions  
22 working with multiple employer partners, state agencies, and other  
23 community-based organizations and expanded learning partners.

24 (7) Program intermediaries must work with appropriate faculty and  
25 staff at the state universities, the regional universities, and the  
26 state college, and K-12 education representatives, to expand the  
27 number of career launch program credits that may be articulated and  
28 transferred to postsecondary degree programs.

29 (8) Subject to the availability of amounts appropriated for this  
30 specific purpose, the employment security department, as the  
31 administrator of the program, has the authority to utilize funds  
32 deposited in the career connected learning account for the purposes  
33 of the program.

34 (9) During the 2019-2021 fiscal biennium, the employment security  
35 department must provide sufficient funding from amounts appropriated  
36 for the program to the office of the superintendent of public  
37 instruction to provide a grant to each of the nine educational  
38 service districts for costs of employing one full-time equivalent  
39 employee to support the expansion of career connected learning  
40 opportunities.

1        NEW SECTION.    **Sec. 10.**    Section 9 of this act takes effect only  
2 if chapter . . . (Engrossed Second Substitute House Bill No. 2158),  
3 Laws of 2019 is enacted by the effective date of this section.

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