

# SENATE BILL REPORT

## SB 5539

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As Reported by Senate Committee On:  
Ways & Means, February 4, 2022

**Title:** An act relating to state funding for educational service districts.

**Brief Description:** Concerning state funding for educational service districts.

**Sponsors:** Senators Hunt and Wilson, C..

**Brief History:**

**Committee Activity:** Ways & Means: 1/27/22, 2/04/22 [DP, DNP, w/oRec].

**Brief Summary of Bill**

- Requires that state funding be provided to each educational service district (ESD) for the employer cost of school employees' benefits for employees of the ESD that are covered by collective bargaining.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Billig, Carlyle, Conway, Dhingra, Hasegawa, Hunt, Keiser, Pedersen, Van De Wege and Wellman.

**Minority Report:** Do not pass.

Signed by Senators Schoesler, Assistant Ranking Member, Capital; Braun, Gildon, Muzzall, Rivers, Wagoner and Warnick.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Wilson, L., Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Ranking Minority Member, Capital.

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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 part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** Kayla Hammer (786-7305)

**Background:** School Employees' Benefits Board. In 2017 the Legislature created the nine-member School Employees' Benefits Board (SEBB). Originally, all school districts, educational service districts (ESDs), and charter schools were required to provide health care and related benefits to employees through the SEBB program, administered by the Health Care Authority beginning January 1, 2020. In 2019, participation in the SEBB by non-represented ESD employees was delayed from January 1, 2020, to January 1, 2024.

Educational Service Districts. There are nine regional ESDs in the state. Each is governed by a board consisting of seven to nine members elected by the school directors of the ESD. 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.

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.

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 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:** State funding shall be provided to each ESD for the employer cost of the school employees' benefits provided to the employees of the ESD that are covered by a collective bargaining agreement.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: SEBB is required for represented

employees. In 2018 the increased cost for ESDs was \$2 million and increased funding was not received from the federal government for the head start program. This increased cost resulted in laying off employees. Funding for benefits will help maintain services to the community. The SEBB unfunded mandate resulted in major reduction in force for some ESDs. There are many vacant positions and classrooms are not fully staffed as they should be. Consistency in staff is important to students. With SEBB there was a notable impact in healthcare for members, which is great, but it comes at a cost of a reduced workforce.

**Persons Testifying:** PRO: Ayren Daniels, Federation of Head Start Employees Local 6153; Karen Strickland, AFT Washington; Dana Anderson, Superintendent, Capital Region ESD 113; Troy Nichols, Capital Region ESD 113; Marisa Hernandez, Federation of Head Start Employees Local 6153.

**Persons Signed In To Testify But Not Testifying:** No one.