

CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE HOUSE BILL 2140

Chapter 411, Laws of 2019

66th Legislature
2019 Regular Session

K-12 EDUCATION FUNDING

EFFECTIVE DATE: July 28, 2019—Except for sections 1 and 2, which become effective May 21, 2019; and section 9, which is contingent.

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

FRANK CHOPP

Speaker of the House of Representatives

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

CYRUS HABIB

President of the Senate

Approved May 21, 2019 9:54 AM

JAY INSLEE

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.

BERNARD DEAN

Chief Clerk

FILED

May 21, 2019

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 2140

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.

Passed by the House April 28, 2019.

Passed by the Senate April 28, 2019.

Approved by the Governor May 21, 2019.

Filed in Office of Secretary of State May 21, 2019.

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