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**SENATE BILL 6461**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** Senators Conway, Padden, Chase, O'Ban, Baumgartner, and Miloscia

AN ACT Relating to employee benefits provided by the school employees' benefits board; amending RCW 41.05.050; and creating a new section.

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

NEW SECTION. **Sec.**  School districts and educational service districts in many rural and urban areas must aggressively compete for employees, and need to offer better employee benefits, benefits at a lower cost, or both in order to recruit and retain employees. The legislature finds that large school districts can purchase superior benefits for less money, because of demographic and geographic advantages.

**Sec.**  RCW 41.05.050 and 2017 3rd sp.s. c 13 s 806 are each amended to read as follows:

(1) Every: (a) Department, division, or separate agency of state government; (b) county, municipal, school district, educational service district, or other political subdivisions; and (c) tribal governments as are covered by this chapter, shall provide contributions to insurance and health care plans for its employees and their dependents, the content of such plans to be determined by the authority. Contributions, paid by the county, the municipality, other political subdivision, or a tribal government for their employees, shall include an amount determined by the authority to pay such administrative expenses of the authority as are necessary to administer the plans for employees of those groups, except as provided in subsection (4) of this section.

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

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

(4)(a) Until January 1, 2020, or until the requirements of chapter 13, Laws of 2017, 3rd sp. sess. are met, whichever is later, the authority shall collect from each participating school district and educational service district an amount equal to the composite rate charged to state agencies, plus an amount equal to the employee premiums by plan and family size as would be charged to state employees, for groups of district employees enrolled in authority plans. The authority may collect these amounts in accordance with the district fiscal year, as described in RCW 28A.505.030.

(b) For all groups of district employees enrolling in authority plans for the first time after September 1, 2003, and until January 1, 2020, the authority shall collect from each participating school district an amount equal to the composite rate charged to state agencies, plus an amount equal to the employee premiums by plan and by family size as would be charged to state employees, only if the authority determines that this method of billing the districts will not result in a material difference between revenues from districts and expenditures made by the authority on behalf of districts and their employees. The authority may collect these amounts in accordance with the district fiscal year, as described in RCW 28A.505.030.

(c) If the authority determines at any time that the conditions in (b) of this subsection cannot be met, the authority shall offer enrollment to additional groups of district employees on a tiered rate structure until such time as the authority determines there would be no material difference between revenues and expenditures under a composite rate structure for all district employees enrolled in authority plans.

(d) Beginning January 1, 2020, or until the requirements of chapter 13, Laws of 2017, 3rd sp. sess. are met, whichever is later, all school districts and educational service districts shall commence participation in the school employees' benefits board program established under RCW 41.05.740. All school districts and educational service districts, and all district employee groups participating in the public employees' benefits board plans before January 1, 2020, shall thereafter participate in the school employees' benefits board program administered by the authority. However, school districts and educational service districts may be exempt from the requirement to obtain employee benefits through the school employees' benefits board if the following requirements are met: Benefits offered are in compliance with all requirements under RCW 41.05.740. Benefits offered are of a generally equivalent actuarial value to those benefits offered through the school employees' benefits board. Benefits offered are at a generally equivalent cost to those benefits offered through the school employees' benefits board. The school district or educational service district has greater than one thousand eligible employees or is purchasing benefits through a trust, interlocal, or association plan with greater than ten thousand subscribers.

(e) For the purposes of this subsection:

(i) "District" means school district and educational service district; ((~~and~~))

(ii) "Generally equivalent" means within ten percent; and

(iii) "Tiered rates" means the amounts the authority must pay to insuring entities by plan and by family size.

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

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

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