

ESHB 2140 - S COMM AMD
By Committee on Ways & Means

ADOPTED 04/28/2019

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 84.52.065 and 2018 c 295 s 1 are each amended to
4 read as follows:

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

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

16 (i) For taxes levied for collection in calendar years 2018
17 through 2021, the rate of tax is the rate necessary to bring the
18 aggregate rate for state property tax levies levied under this
19 subsection and subsection (1) of this section to a combined rate of
20 two dollars and forty cents per thousand dollars of assessed value in
21 calendar year 2019 and two dollars and seventy cents per thousand
22 dollars of assessed value in calendar years 2018, 2020, and 2021. The
23 state property tax levy rates provided in this subsection (2)(a)(i)
24 are based upon the assessed valuation of all taxable property within
25 the state adjusted to the state equalized value in accordance with
26 the indicated ratio fixed by the state department of revenue.

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

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

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

5 (3) For taxes levied for collection in calendar years 2019
6 through 2021, the state property taxes levied under subsections (1)
7 and (2) of this section are not subject to the limitations in chapter
8 84.55 RCW.

9 (4) For taxes levied for collection in calendar year 2022 and
10 thereafter, the aggregate rate limit for state property taxes levied
11 under subsections (1) and (2) of this section is 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 (5) For property taxes levied for collection in calendar years
17 2019 through 2021, the rate of tax levied under subsection (1) of
18 this section is the actual rate that was levied for collection in
19 calendar year 2018 under subsection (1) of this section.

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

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

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

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

34 (i) Formula-driven state allocations in part V of the state
35 omnibus appropriations act for these programs: General apportionment,
36 employee compensation adjustments, pupil transportation, special
37 education programs, institutional education programs, transitional
38 bilingual programs, highly capable, and learning assistance programs;

1 (ii) Local effort assistance funding received under chapter
2 28A.500 RCW; and

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

6 (b) The baseline school year is calculated as the sum of (b)(i)
7 through (iii) of this subsection using the current school year
8 enrollments and the values in effect during the 2017-18 school year
9 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) Maintenance and operation levy collection under RCW
18 84.52.0531 in the 2017 calendar year.

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

22 (a) The sum of the school district's enrichment levy under RCW
23 84.52.0531 and 2017 3rd sp.s. c 13 s 203 and local effort assistance
24 under RCW 28A.500.015 is less than half of the sum of the maintenance
25 and operations levy and local effort assistance provided under law as
26 it existed on January 1, 2017. For purposes of the calculation in
27 this subsection, the maintenance and operations levy is limited to
28 the lesser of the voter-approved levy as of January 1, 2017, or the
29 maximum levy under law as of January 1, 2017; and

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

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

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

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

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

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

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

8 (b) By the 2018-19 school year, a local revenue subfund of its
9 general fund to account for the financial operations of a school
10 district that are paid from local revenues. The local revenues that
11 must be deposited in the local revenue subfund are enrichment levies
12 and transportation vehicle levies collected under RCW 84.52.053,
13 local effort assistance funding received under chapter 28A.500 RCW,
14 and other school district local revenues including, but not limited
15 to, grants, donations, and state and federal payments in lieu of
16 taxes, but do not include other federal revenues, or local revenues
17 that operate as an offset to the district's basic education
18 allocation under RCW 28A.150.250. School districts must track
19 expenditures from this subfund separately to account for the
20 expenditure of each of these streams of revenue by source, and must
21 provide any supplemental expenditure schedules required by the
22 superintendent of public instruction or state auditor for purposes of
23 RCW 43.09.2856.

24 (2) A capital projects fund shall be established for major
25 capital purposes. All statutory references to a "building fund" shall
26 mean the capital projects fund so established. Money to be deposited
27 into the capital projects fund shall include, but not be limited to,
28 bond proceeds, proceeds from excess levies authorized by RCW
29 84.52.053, state apportionment proceeds as authorized by RCW
30 28A.150.270, earnings from capital projects fund investments as
31 authorized by RCW 28A.320.310 and 28A.320.320, and state forest
32 revenues transferred pursuant to subsection (3) of this section.

33 Money derived from the sale of bonds, including interest earnings
34 thereof, may only be used for those purposes described in RCW
35 28A.530.010, except that accrued interest paid for bonds shall be
36 deposited in the debt service fund.

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

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

4 (a) Major renovation and replacement of facilities and systems
5 where periodical repairs are no longer economical or extend the
6 useful life of the facility or system beyond its original planned
7 useful life. Such renovation and replacement shall include, but shall
8 not be limited to, major repairs, exterior painting of facilities,
9 replacement and refurbishment of roofing, exterior walls, windows,
10 heating and ventilating systems, floor covering in classrooms and
11 public or common areas, and electrical and plumbing systems.

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

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

16 (i) "Preliminary energy audits" means a determination of the
17 energy consumption characteristics of a building, including the size,
18 type, rate of energy consumption, and major energy using systems of
19 the building.

20 (ii) "Energy audit" means a survey of a building or complex which
21 identifies the type, size, energy use level, and major energy using
22 systems; which determines appropriate energy conservation maintenance
23 or operating procedures and assesses any need for the acquisition and
24 installation of energy conservation measures, including solar energy
25 and renewable resource measures.

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

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

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

35 (f) (i) Costs associated with implementing technology systems,
36 facilities, and projects, including acquiring hardware, licensing
37 software, and online applications and training related to the
38 installation of the foregoing. However, the software or applications
39 must be an integral part of the district's technology systems,
40 facilities, or projects.

1 (ii) Costs associated with the application and modernization of
2 technology systems for operations and instruction including, but not
3 limited to, the ongoing fees for online applications, subscriptions,
4 or software licenses, including upgrades and incidental services, and
5 ongoing training related to the installation and integration of these
6 products and services. However, to the extent the funds are used for
7 the purpose under this subsection (2)(f)(ii), the school district
8 shall transfer to the district's general fund the portion of the
9 capital projects fund used for this purpose. The office of the
10 superintendent of public instruction shall develop accounting
11 guidelines for these transfers in accordance with internal revenue
12 service regulations.

13 (g) Major equipment repair, painting of facilities, and other
14 major preventative maintenance purposes. However, to the extent the
15 funds are used for the purpose under this subsection (2)(g), the
16 school district shall transfer to the district's general fund the
17 portion of the capital projects fund used for this purpose. The
18 office of the superintendent of public instruction shall develop
19 accounting guidelines for these transfers in accordance with internal
20 revenue service regulations. Based on the district's most recent two-
21 year history of general fund maintenance expenditures, funds used for
22 this purpose may not replace routine annual preventive maintenance
23 expenditures made from the district's general fund.

24 (h) During the 2019-2021 fiscal biennium, renovation and
25 replacement of facilities and systems, purchase or installation of
26 items of equipment and furniture, including maintenance vehicles and
27 machinery, and other preventative maintenance or infrastructure
28 improvement purposes.

29 (3) A debt service fund to provide for tax proceeds, other
30 revenues, and disbursements as authorized in chapter 39.44 RCW. State
31 forestland revenues that are deposited in a school district's debt
32 service fund pursuant to RCW 79.64.110 and to the extent not
33 necessary for payment of debt service on school district bonds may be
34 transferred by the school district into the district's capital
35 projects fund.

36 (4) An associated student body fund as authorized by RCW
37 28A.325.030.

38 (5) Advance refunding bond funds and refunded bond funds to
39 provide for the proceeds and disbursements as authorized in chapter
40 39.53 RCW.

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

3 The definitions in this section apply throughout this chapter
4 unless the context clearly requires otherwise.

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

6 (2) "Board" means the public employees' benefits board
7 established under RCW 41.05.055 and the school employees' benefits
8 board established under RCW 41.05.740.

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

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

15 (5) "Emergency service personnel killed in the line of duty"
16 means law enforcement officers and firefighters as defined in RCW
17 41.26.030, members of the Washington state patrol retirement fund as
18 defined in RCW 43.43.120, and reserve officers and firefighters as
19 defined in RCW 41.24.010 who die as a result of injuries sustained in
20 the course of employment as determined consistent with Title 51 RCW
21 by the department of labor and industries.

22 (6)(a) "Employee" for the public employees' benefits board
23 program includes all employees of the state, whether or not covered
24 by civil service; elected and appointed officials of the executive
25 branch of government, including full-time members of boards,
26 commissions, or committees; justices of the supreme court and judges
27 of the court of appeals and the superior courts; and members of the
28 state legislature. Pursuant to contractual agreement with the
29 authority, "employee" may also include: (i) Employees of a county,
30 municipality, or other political subdivision of the state and members
31 of the legislative authority of any county, city, or town who are
32 elected to office after February 20, 1970, if the legislative
33 authority of the county, municipality, or other political subdivision
34 of the state submits application materials to the authority to
35 provide any of its insurance programs by contract with the authority,
36 as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of
37 employee organizations representing state civil service employees, at
38 the option of each such employee organization; (iii) through December
39 31, 2019, employees of a school district if the authority agrees to
40 provide any of the school districts' insurance programs by contract

1 with the authority as provided in RCW 28A.400.350; (iv) employees of
2 a tribal government, if the governing body of the tribal government
3 seeks and receives the approval of the authority to provide any of
4 its insurance programs by contract with the authority, as provided in
5 RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health
6 benefit exchange if the governing board of the exchange established
7 in RCW 43.71.020 seeks and receives approval of the authority to
8 provide any of its insurance programs by contract with the authority,
9 as provided in RCW 41.05.021(1) (g) and (n); and (vi) through
10 December 31, 2019, employees of a charter school established under
11 chapter 28A.710 RCW. "Employee" does not include: Adult family home
12 providers; unpaid volunteers; patients of state hospitals; inmates;
13 employees of the Washington state convention and trade center as
14 provided in RCW 41.05.110; students of institutions of higher
15 education as determined by their institution; and any others not
16 expressly defined as employees under this chapter or by the authority
17 under this chapter.

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

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

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

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

26 (7) "Employee group" means employees of a similar employment
27 type, such as administrative, represented classified, nonrepresented
28 classified excluding such employees in educational service districts
29 until December 31, 2023, confidential, represented certificated, or
30 nonrepresented certificated excluding such employees in educational
31 service districts until December 31, 2023, within a school employees'
32 benefits board organization.

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

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

38 (9) "Employer group" means those counties, municipalities,
39 political subdivisions, the Washington health benefit exchange,
40 tribal governments, employee organizations representing state civil

1 service employees, and through December 31, 2019, school districts,
2 (~~educational service districts, and~~) charter schools, and through
3 December 31, 2023, educational service districts obtaining employee
4 benefits through a contractual agreement with the authority to
5 participate in benefit plans developed by the public employees'
6 benefits board.

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

12 (b) "Employing agency" for the school employees' benefits board
13 program means school districts, educational service districts, and
14 charter schools.

15 (11) "Faculty" means an academic employee of an institution of
16 higher education whose workload is not defined by work hours but
17 whose appointment, workload, and duties directly serve the
18 institution's academic mission, as determined under the authority of
19 its enabling statutes, its governing body, and any applicable
20 collective bargaining agreement.

21 (12) "Flexible benefit plan" means a benefit plan that allows
22 employees and school employees to choose the level of health care
23 coverage provided and the amount of employee or school employee
24 contributions from among a range of choices offered by the authority.

25 (13) "Insuring entity" means an insurer as defined in chapter
26 48.01 RCW, a health care service contractor as defined in chapter
27 48.44 RCW, or a health maintenance organization as defined in chapter
28 48.46 RCW.

29 (14) "Medical flexible spending arrangement" means a benefit plan
30 whereby state and school employees may reduce their salary before
31 taxes to pay for medical expenses not reimbursed by insurance as
32 provided in the salary reduction plan under this chapter pursuant to
33 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

34 (15) "Participant" means an individual who fulfills the
35 eligibility and enrollment requirements under the salary reduction
36 plan.

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

39 (17) "Premium payment plan" means a benefit plan whereby public
40 employees may pay their share of group health plan premiums with

1 pretax dollars as provided in the salary reduction plan under this
2 chapter pursuant to 26 U.S.C. Sec. 125 or other sections of the
3 internal revenue code.

4 (18) "Public employee" has the same meaning as employee and
5 school employee.

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

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

10 (b) Persons who separate from employment with a school district,
11 educational service district, or charter school on or after October
12 1, 1993, and immediately upon separation receive a retirement
13 allowance under chapter 41.32, 41.35, or 41.40 RCW;

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

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

20 (21) "Salary reduction plan" means a benefit plan whereby public
21 employees may agree to a reduction of salary on a pretax basis to
22 participate in the dependent care assistance program, medical
23 flexible spending arrangement, or premium payment plan offered
24 pursuant to 26 U.S.C. Sec. 125 or other sections of the internal
25 revenue code.

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

31 (23) "School year" means school year as defined in RCW
32 28A.150.203(11).

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

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

38 (a) RCW 41.32.010(17) on or after July 1, 1996; or

39 (b) RCW 41.35.010 on or after September 1, 2000; or

40 (c) RCW 41.40.010 on or after March 1, 2002;

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

6 (26) "State purchased health care" or "health care" means medical
7 and health care, pharmaceuticals, and medical equipment purchased
8 with state and federal funds by the department of social and health
9 services, the department of health, the basic health plan, the state
10 health care authority, the department of labor and industries, the
11 department of corrections, the department of veterans affairs, and
12 local school districts.

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

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

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

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

36 (3) The contributions of any: (a) Department, division, or
37 separate agency of the state government; (b) county, municipal, or
38 other political subdivisions; (c) any tribal government as are
39 covered by this chapter; and (d) school districts, educational

1 service districts, and charter schools, shall be set by the
2 authority, subject to the approval of the governor for availability
3 of funds as specifically appropriated by the legislature for that
4 purpose. Insurance and health care contributions for ferry employees
5 shall be governed by RCW 47.64.270.

6 (4)(a) Until January 1, 2020, the authority shall collect from
7 each participating school district and educational service district
8 an amount equal to the composite rate charged to state agencies, plus
9 an amount equal to the employee premiums by plan and family size as
10 would be charged to employees, for groups of school district and
11 educational service district employees enrolled in authority plans.
12 The authority may collect these amounts in accordance with the school
13 district or educational service district fiscal year, as described in
14 RCW 28A.505.030.

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

30 (ii) For all groups of educational service district employees'
31 enrolling in plans developed by the public employees' benefits board
32 after January 1, 2020, and until January 1, 2024, the authority shall
33 collect from each participating educational service district an
34 amount equal to the composite rate charged to state agencies, plus an
35 amount equal to the employee premiums by plan and by family size as
36 would be charged to employees, only if the authority determines that
37 this method of billing the educational service districts will not
38 result in a material difference between revenues from educational
39 service districts and expenditures made by the authority on behalf of
40 educational service districts and their employees. The authority may

1 collect these amounts in accordance with the educational service
2 district fiscal year, as described in RCW 28A.505.030.

3 (c) Until January 1, 2020, if the authority determines at any
4 time that the conditions in (b) of this subsection cannot be met, the
5 authority shall offer enrollment to additional groups of school and
6 educational service district employees on a tiered rate structure
7 until such time as the authority determines there would be no
8 material difference between revenues and expenditures under a
9 composite rate structure for all school and educational service
10 district employees enrolled in authority plans.

11 (d) (i) Beginning January 1, 2020, all school districts,
12 represented employees of educational service districts, and charter
13 schools shall commence participation in the school employees'
14 benefits board program established under RCW 41.05.740. All school
15 districts, represented employees of educational service districts,
16 charter schools, and all school district employee groups
17 participating in the public employees' benefits board plans before
18 January 1, 2020, shall thereafter participate in the school
19 employees' benefits board program administered by the authority. All
20 school districts, represented employees of educational service
21 districts, and charter schools shall provide contributions to the
22 authority for insurance and health care plans for school employees
23 and their dependents. These contributions must be provided to the
24 authority for all eligible school employees eligible for benefits
25 under RCW 41.05.740(6) (d), including school employees who have waived
26 their coverage; contributions to the authority are not required for
27 individuals eligible for benefits under RCW 41.05.740(6) (e) who waive
28 their coverage.

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

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

34 (f) Notwithstanding this subsection and RCW 41.05.065(4), the
35 authority may allow school districts and educational service
36 districts enrolled on a tiered rate structure prior to September 1,
37 2002, and until January 1, 2020, to continue participation based on
38 the same rate structure and under the same conditions and eligibility
39 criteria.

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

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

7 (1) The board of directors of any of the state's school districts
8 or educational service districts may make available medical, dental,
9 vision, liability, life, accident, disability, and salary protection
10 or insurance, direct agreements as defined in chapter 48.150 RCW, or
11 any one of, or a combination of the types of employee benefits
12 enumerated in this subsection, or any other type of insurance or
13 protection, for the members of the boards of directors, the students,
14 and employees of the school district or educational service district,
15 and their dependents. Except as provided in subsection (6) of this
16 section, such coverage may be provided by contracts or agreements
17 with private carriers, with the state health care authority, or
18 through self-insurance or self-funding pursuant to chapter 48.62 RCW,
19 or in any other manner authorized by law. Any direct agreement must
20 comply with RCW 48.150.050.

21 (2)(a) Whenever funds are available for these purposes the board
22 of directors of the school district or educational service district
23 may contribute all or a part of the cost of such protection or
24 insurance for the employees of their respective school districts or
25 educational service districts and their dependents. The premiums on
26 such liability insurance shall be borne by the school district or
27 educational service district.

28 (b) After October 1, 1990, school districts may not contribute to
29 any employee protection or insurance other than liability insurance
30 unless the district's employee benefit plan conforms to RCW
31 28A.400.275 and 28A.400.280.

32 (c) After December 31, 2019, school district contributions to any
33 employee insurance that is purchased through the health care
34 authority must conform to the requirements established by chapter
35 41.05 RCW and the school employees' benefits board.

36 (3) For school board members, educational service district board
37 members, and students, the premiums due on such protection or
38 insurance shall be borne by the assenting school board member,
39 educational service district board member, or student. The school

1 district or educational service district may contribute all or part
2 of the costs, including the premiums, of life, health, health care,
3 accident or disability insurance which shall be offered to all
4 students participating in interschool activities on the behalf of or
5 as representative of their school, school district, or educational
6 service district. The school district board of directors and the
7 educational service district board may require any student
8 participating in extracurricular interschool activities to, as a
9 condition of participation, document evidence of insurance or
10 purchase insurance that will provide adequate coverage, as determined
11 by the school district board of directors or the educational service
12 district board, for medical expenses incurred as a result of injury
13 sustained while participating in the extracurricular activity. In
14 establishing such a requirement, the district shall adopt regulations
15 for waiving or reducing the premiums of such coverage as may be
16 offered through the school district or educational service district
17 to students participating in extracurricular activities, for those
18 students whose families, by reason of their low income, would have
19 difficulty paying the entire amount of such insurance premiums. The
20 district board shall adopt regulations for waiving or reducing the
21 insurance coverage requirements for low-income students in order to
22 assure such students are not prohibited from participating in
23 extracurricular interschool activities.

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

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

33 (i) Offer a high deductible health plan option with a health
34 savings account that conforms to section 223, part VII of subchapter
35 1 of the internal revenue code of 1986. School districts shall comply
36 with all applicable federal standards related to the establishment of
37 health savings accounts;

38 (ii) Make progress toward employee premiums that are established
39 to ensure that full family coverage premiums are not more than three
40 times the premiums for employees purchasing single coverage for the

1 same coverage plan, unless a subsequent premium differential target
2 is defined as a result of the review and subsequent actions described
3 in RCW 41.05.655;

4 (iii) Offer employees at least one health benefit plan that is
5 not a high deductible health plan offered in conjunction with a
6 health savings account in which the employee share of the premium
7 cost for a full-time employee, regardless of whether the employee
8 chooses employee-only coverage or coverage that includes dependents,
9 does not exceed the share of premium cost paid by state employees
10 during the state employee benefits year that started immediately
11 prior to the school year.

12 (b) All contracts or agreements for employee benefits must be
13 held to responsible contracting standards, meaning a fair, prudent,
14 and accountable competitive procedure for procuring services that
15 includes an open competitive process, except where an open process
16 would compromise cost-effective purchasing, with documentation
17 justifying the approach.

18 (c) School districts offering medical, vision, and dental
19 benefits shall also make progress on promoting health care
20 innovations and cost savings and significantly reduce administrative
21 costs.

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

25 (6) The authority to make available basic and optional benefits
26 to school employees under this section expires December 31, 2019,
27 except for nonrepresented employees of educational service districts
28 for which the authority expires December 31, 2023. Beginning January
29 1, 2020, school districts, for all school employees, and educational
30 service districts, for represented employees, shall make available
31 basic and optional benefits through plans offered by the health care
32 authority and the school employees' benefits board. Beginning January
33 1, 2024, educational service districts, for nonrepresented employees,
34 shall make available basic and optional benefits through plans
35 offered by the health care authority and the school employees'
36 benefits board.

37 NEW SECTION. **Sec. 7.** (1) The Washington state health care
38 authority, in consultation with the office of the superintendent of
39 public instruction, educational service districts, and the office of

1 financial management, shall study employee health benefits in
2 educational service districts and the impact of participation in the
3 school employees' benefits board program on educational service
4 districts and their employees. The study must include an analysis of:

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

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

9 (c) Comparisons of costs, benefits offered, and employees
10 covered, between educational service district health benefits and
11 school employees' benefits board health benefits if adopted; and

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

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

19 NEW SECTION. **Sec. 8.** EFFECTIVE DATE FOR PROPERTY TAX DEPOSIT
20 AND HOLD HARMLESS. Sections 1 and 2 of this act are necessary for the
21 immediate preservation of the public peace, health, or safety, or
22 support of the state government and its existing public institutions,
23 and take effect immediately.

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

26 (1) Subject to the availability of amounts appropriated for this
27 specific purpose, the career connected learning grant program is
28 established as a competitive grant program to advance the career
29 connect Washington vision under RCW 28C.--.--- (section 55,
30 chapter . . . (E2SHB 2158), Laws of 2019). The employment security
31 department shall administer the program. The governor's office shall
32 work with the employment security department to establish grant
33 criteria and guide the process for selection with consultation from
34 the career connected learning cross-agency work group.

35 (2) The purpose of the career connected learning grant program is
36 to create career connected learning opportunities, including career
37 awareness and exploration, career preparation, and career launch
38 programs, that are both tailored to the local needs of students and

1 employers and designed so that students may receive high school or
2 college credit across industries and regions of the state to the
3 maximum extent possible.

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

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

8 (b) Support career connected learning program intermediaries
9 working within and across regions who partner with multiple
10 employers, labor partners, and educational institutions, work with
11 K-12 and postsecondary career representatives to develop curricula
12 for new and innovative programs, and scale existing career awareness
13 and exploration, career preparation, and endorsed career launch
14 programs.

15 (4) The program administrator shall consult with the governor's
16 office and the career connected learning cross-agency work group
17 established in RCW 28C.--.--- (section 54, chapter . . . (E2SHB
18 2158), Laws of 2019) to develop a formal request for proposal for
19 both the regional career connected learning and work-integrated
20 learning networks and the program intermediaries.

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

27 (b) Regional career connected learning and work-integrated
28 learning network applicants must demonstrate regional knowledge and
29 status as a trusted partner of industry and education stakeholders, a
30 track record of success with career connected learning and aligned
31 initiatives, and a commitment to equity. Regional career connected
32 learning networks may include, but are not limited to, regional
33 education networks, school districts, educational service districts,
34 higher education institutions, workforce development councils,
35 chambers of commerce, industry associations, joint labor management
36 councils, multiemployer training partnerships, economic development
37 councils, and nonprofit organizations.

38 (6) Eligible program intermediary applicants may include, but are
39 not limited to, new or existing industry associations, joint labor
40 management councils, regional networks, career technical student

1 organizations, postsecondary education and training institutions
2 working with multiple employer partners, state agencies, and other
3 community-based organizations and expanded learning partners.

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

9 (8) Subject to the availability of amounts appropriated for this
10 specific purpose, the employment security department, as the
11 administrator of the program, has the authority to utilize funds
12 deposited in the career connected learning account for the purposes
13 of the program.

14 (9) During the 2019-2021 fiscal biennium, the employment security
15 department must provide sufficient funding from amounts appropriated
16 for the program to the office of the superintendent of public
17 instruction to provide a grant to each of the nine educational
18 service districts for costs of employing one full-time equivalent
19 employee to support the expansion of career connected learning
20 opportunities.

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

ESHB 2140 - S COMM AMD
By Committee on Ways & Means

ADOPTED 04/28/2019

24 On page 1, line 1 of the title, after "funding;" strike the
25 remainder of the title and insert "amending RCW 84.52.065,
26 28A.300.780, 28A.320.330 41.05.011, 41.05.050, 28A.400.350, and
27 28C.--.---; creating a new section; providing a contingent effective
28 date; and declaring an emergency."

EFFECT: (1) Removes provisions that modify local enrichment
levies and local effort assistance.

(2) Allows money deposited in a capital projects fund to be used
for preventative maintenance and infrastructure improvement during
the 2019-2021 fiscal biennium.

(3) Delays the enrollment of Educational Service District (ESD) employees that are not covered by a collective bargaining agreement in School Employees' Benefits (SEB) until January 1, 2024.

(4) Allows ESDs to enroll nonrepresented employees in Public Employees' Benefits until December 31, 2023.

(5) Requires the Health Care Authority, in consultation with OSPI, ESDs, and the Office of Financial Management, to study the impacts of ESD enrollment in SEB and to report to the Legislature.

(6) Amends the Career Connected Learning Grant Program created in E2SHB 2158 to require that sufficient funding be provided from the program to OSPI for employees at educational service districts to support the expansion of career connected learning opportunities.

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