
Appropriations Committee

HB 1757

Brief Description: Concerning educational service district participation in health benefit plans offered by the public employees' benefits board.

Sponsors: Representatives Cody, Harris, Santos, Pollet and Riccelli.

Brief Summary of Bill

- Requires that nonrepresented employees of Educational Service Districts be covered by the health and related insurance programs of the Public Employees' Benefits Board beginning January 1, 2024.

Hearing Date: 1/17/22

Staff: David Pringle (786-7310).

Background:

School Employees' and Public Employees' Benefits Boards.

In 2017 the Legislature created the nine-member School Employees' Benefits Board (SEBB). Beginning January 1, 2020, all school districts, educational service districts, and charter schools must provide health care and related benefits to employees through the SEBB program, administered by the Health Care Authority (HCA). Under the SEBB, collective bargaining for school employee health benefits is consolidated to a single agreement negotiated between the Governor (or designee) and representatives of all school employee labor organizations – the results of which are subject to approval by the Legislature. About 268,000 people are covered by the health and insurance benefit programs provided through SEBB.

The Public Employees' Benefits Board (PEBB) has provided health and related benefits to state

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

employees since 1988. In addition to providing benefits to state employees, other governmental entities in the state, such as cities, towns, or special districts. These entities join PEBB as part of the “employer group” program, which through a contract with HCA may participate in PEBB plans. These contracts may provide for employee eligibility criteria that differ from state employees, and may be assessed a surcharge for participation that accounts for any additional costs the employer group participants may have on the cost of benefits for the state and state employees. About 384,000 people, including about 125,000 retirees from both the SEBB and PEBB active programs, are covered by the health and insurance benefit programs provided through PEBB. Between both PEBB and SEBB, about nine percent of Washington residents receive health insurance from the HCA employee and retiree benefit programs.

Educational Service Districts.

There are nine regional educational service districts (ESDs) in the state, which began participating in the SEBB in 2020. Each is governed by a board consisting of seven to nine members elected by the school directors of the ESD. The ESDs' responsibilities include: providing cooperative, administrative, and informational services to and on behalf of local school districts; and assisting the Superintendent of Public Instruction and the State Board of Education in the performance of their duties.

The ESDs provide a variety of services, which are funded by several revenue sources. Services include back office administrative support, fiscal support, technology services, special education, early childhood education, professional development, and other instructional and non-instructional programs. Revenue is provided to the ESDs through fees paid by school districts and others for fee for service and co-operative programs, state and federal grants, and direct state allocations.

Upon SEBB’s initial provision of benefits on January 1, 2020, represented employees of ESDs were included in the consolidated health benefits program, similar to other school district employees. Non-represented employees, however, were not included within the SEBB program until January 1, 2024. Six of the nine ESDs participate in the Public Employees’ Benefits Board program for non-represented employees as part of the employer group program as of January 1, 2021, and the remaining ESDs indicated to HCA that they intend to transition to PEBB participation within the next few years.

State Funding Formulas for School Health Benefits.

Based on prototypical school formulas, the state allocates funding to each school district for employee health benefits and for the cost to districts of covering retiree health care for state-funded kindergarten through grade 12 (K-12) staff units. Staff types for which the state allocates benefits funding include instructional staff, administrative staff, classified staff, district-wide support staff, and central office staff. Formulas for special education, bilingual, and other categorical programs also include health benefits in the calculation. State funding for staff directly allocated by the state to the ESDs also includes health benefits allocations.

Summary of Bill:

Nonrepresented employees of Educational Service Districts must be covered by the benefits programs of the Public Employees' Benefits Board beginning January 1, 2024, rather than be covered by the School Employees' Benefits Board program. Represented employees of Educational Service Districts remain covered by the School Employees' Benefits Board.

Appropriation: None.

Fiscal Note: Requested on January 13, 2022.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.