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## Appropriations Committee

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### HB 2657

**Brief Description:** Regarding the school employees' benefits board.

**Sponsors:** Representatives Stonier, Bergquist, Ortiz-Self, Haler, Reeves, Pollet, Kilduff, Dolan, Doglio, Stanford, Appleton, Valdez, Wylie, Macri, Johnson and Santos.

#### Brief Summary of Bill

- Conditions mandatory participation in the School Employees' Benefits Board (SEBB) on: (1) the monthly insurance benefit allocation to school districts in the state budget being no less than the state agency funding rate; (2) the state budget assuming a full monthly benefit allocation for the portion of staff that work 630 hours or more; and (3) that the Legislature not achieve equivalent funding by reducing the value of state employee benefit plans.
- Adds two voting members to the SEBB, one additional member from associations representing classified employees and one additional member representing certificated employees.
- Provides the HCA with authority to pay school districts for the cost of substitute employees, if needed, for periods when school district employees are serving as members of the SEBB.
- Prohibits the SEBB from enacting more restrictive benefits eligibility criteria.
- Permits school districts to negotiate eligibility for employees that work fewer than 630 hours per year, and fund the additional benefits as an enrichment to basic education.
- Requires school employee benefit trusts offering basic benefits to school district employees to do so at a generally equivalent cost for individual employees or families.
- Permits school employee benefit trusts to offer optional benefits if the SEBB does not offer similar benefits, and those optional benefits are considered an enhancement to the definition of basic education.

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

**Hearing Date:** 1/25/18

**Staff:** David Pringle (786-7310).

**Background:**

In 2017 the Legislature created the nine-member School Employees' Benefits Board (SEBB) with the enactment of Engrossed House Bill (EHB) 2242 (Basic Education Funding). Under this bill, beginning January 1, 2020, all public schools must provide health care and related benefits to employees through the SEBB program, administered by the Health Care Authority (HCA).

The state allocates funding to each school district for employee fringe benefits such as health care and for the cost to districts of covering retiree health care for state-funded K-12 staff units. Although the state allocates the funding, prior to EHB 2242 and until January 1, 2020, each district purchases health benefits separately and bargains locally with its employees regarding the specific benefits package. Employee and employer contributions vary by district, and by bargaining units within districts.

A legislatively mandated study by the Joint Legislative Audit and Review Committee (JLARC) completed in 2016 indicated that the share of the costs of coverage paid by school district employees who insure only themselves was typically much lower than for those who also insure their family members. The JLARC study also concluded that while slight improvement was made toward goals set by the Legislature in 2012 to achieve greater equity between individual and family premiums, targets set by the Legislature were unmet.

The SEBB's membership consists of:

- two members representing classified employees;
- two members representing certificated employees;
- four members with expertise in employee health benefits policy and administration, including one member that is nominated by the Washington Association of School Board Officials; and
- the director of the HCA.

The SEBB's responsibilities include:

- developing school employee benefit plans that include comprehensive, evidence-based health care benefits;
- authorizing premium contributions, including employee share of the cost for family coverage that does not exceed the required employee share of the cost for employee-only coverage;
- determining the terms of employee and dependent eligibility criteria and enrollment policies, subject to the condition that employees must work at least 630 hours per year to qualify for coverage;
- determining the terms for participation in the SEBB plans, and the penalties for failing to comply with participation criteria;
- participating with the HCA and in coordination with the Public Employees' Benefits Board in the selection of carriers to provide health and dental plans; and
- reporting to legislative policy and fiscal committees by November 30, 2021, regarding whether the provisions of the act have resulted in cost savings to the state.

In addition to consolidating health care purchasing for school district employees, EHB 2242 also removed medical, dental, vision, and other basic and optional insurance benefits from the scope of local school district bargaining. Similarly to how state employees bargain for health care, health benefit provisions will be bargained between the Governor or the Governor's designee and one coalition of all the exclusive bargaining representatives impacted by benefit purchasing with the SEBB. Bargaining must be initiated after July 1, 2018.

**Summary of Bill:**

The mandatory participation of school districts in the School Employees' Benefits Board (SEBB) is conditioned upon: (1) the monthly insurance benefit allocation to school districts in the state budget being no less than the state agency funding rate; (2) the state budget assuming a full monthly benefit allocation for the portion of staff that work 630 hours or more; and (3) that the Legislature not achieve equivalent funding by reducing the value of state employee benefit plans.

The composition of the SEBB is changed by adding two voting members to the SEBB, one additional member from associations representing classified employees and one additional member representing certificated employees. The Health Care Authority (HCA) is provided with the authority to pay school districts for the cost of substitute employees, if needed, for periods when school district employees are serving as members of the SEBB.

The SEBB is prohibited from enacting more restrictive benefits eligibility criteria than the 630 hours per year in the underlying statute, and the 630 hour per year eligibility criteria is amended to refer to the hours that are anticipated to be worked. School districts are permitted to locally collectively bargain eligibility for employees that work fewer than 630 hours per year, and fund the cost of additional benefit eligibility as an enrichment to basic education.

School employee benefit trusts offering basic benefits to school district employees are required to do so at a generally equivalent cost for individual employees or families. School employee benefit trusts are also permitted to offer optional benefits if the SEBB does not offer similar benefits, and those optional benefits are considered an enhancement to the definition of basic education.

**Appropriation:** None.

**Fiscal Note:** Preliminary fiscal note available.

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