

SENATE BILL REPORT

ESHB 2140

As Passed Senate - Amended, April 28, 2019

Title: An act relating to K-12 education funding.

Brief Description: Concerning K-12 education funding.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Sullivan, Dolan and Thai).

Brief History: Passed House: 4/26/19, 54-42.

Committee Activity: Ways & Means: 4/27/19 [DPA, w/oRec, DNP].

Floor Activity:

Passed Senate - Amended: 4/28/19, 34-15.

Brief Summary of Bill (As Amended by Senate)

- Directs all the second state property tax levy collected in fiscal year 2019 to be deposited into the Education Legacy Trust Account.
- Allows school districts to use money deposited in a capital projects fund for preventative maintenance and infrastructure improvement during the 2019-2021 fiscal biennium.
- Delays the enrollment of Education Service District (ESD) employees that are not covered by a collective bargaining agreement in School Employees' Benefits until January 1, 2024.
- Allows ESDs to enroll non-represented employees in Public Employees' Benefits until December 31, 2023.
- Amends the Career Connected Learning (CCL) Grant Program created in E2SHB 2158 to require that sufficient funding be provided from the program to the Office of the Superintendent of Public Instruction for employees at ESDs to support the expansion of career connected learning opportunities.
- Delays the enrollment of ESD employees that are not covered by a collective bargaining agreement in School Employees' Benefits (SEBB) until January 1, 2024.

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.

- Allows ESDs to enroll non-represented employees in Public Employees' Benefits until December 31, 2023.
- Amends the CCL Grant Program created in E2SHB 2158 to require that sufficient funding be provided from the program to the Office of the Superintendent of Public Instruction for employees at ESDs to support the expansion of career connected learning opportunities.
- Makes a technical correction to the hold harmless provision in SB 6362 from the 2018 session to align with amounts already budgeted.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Liias, Palumbo, Pedersen and Van De Wege.

Minority Report: That it be referred without recommendation.

Signed by Senator Mullet, Capital Budget Cabinet.

Minority Report: Do not pass.

Signed by Senators Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Bailey, Becker, Rivers, Schoesler, Wagoner, Warnick and Wilson, L..

Staff: Jeffrey Naas (786-7708)

Background: Second State Property Tax. In 2017, with the enactment of HB 2242, an additional state property tax was authorized beginning in calendar year 2018 raising the total aggregate state property tax rate to \$2.70 per \$1,000 AV. The second state property tax is deposited in the General Fund-State.

Capital Projects Fund. School districts must establish a capital projects fund for major capital purposes. Proceeds from bond sales, capital fund investments, state forest revenues, and two- to six-year levies for construction, modernization, or remodeling of school facilities—capital levies—are deposited into the capital projects fund. Monies in the capital projects fund may be used for specific purposes and are subject to a levy lid. School districts pay for maintenance and other technology costs from their general fund using state allocations for non-employee related costs and any local maintenance and operation levies, which are subject to a levy lid.

School Employees Benefits Board. Beginning January 1, 2020, health care benefits for eligible school employee must be provided through the School Employees Benefits Board (SEBB).

Career Connected Learning Grant Program. HB 2158 establishes the CCL grant program to support regional CCL networks in rural and urban areas and to support CCL program intermediaries.

Hold-Harmless Provisions. In the 2018 session, SB 6362 established hold harmless payments for the 2018-19 and 2019-20 school years for school districts that have lower total state allocation, enrichment levies, and LEA than what the district would have received under laws as of January 1, 2017.

Summary of Amended Bill: Second State Property Tax. All the second state property tax levy collected in fiscal year 2019 are deposited into the Education Legacy Trust Account rather than the General Fund-State.

Capital Projects Fund. School districts may use money deposited in a capital projects fund for preventative maintenance and infrastructure improvement during the 2019-2021 fiscal biennium.

School Employees Benefits Board. Participation in SEBB by non-represented ESD employees is delayed from January 1, 2020 to January 1, 2024. HCA, in consultation with the Office of the Superintendent of Public Instruction (OSPI), the Office of Financial Management, and ESDs, is required to study ESD health benefits and the impact of ESD participation in the SEBB. The study must analyze ESD and SEBB health benefits and costs, and ESD ability to support SEBB rates. HCA must report its findings to the Legislature by December 31, 2020.

Career Connected Learning Grant Program. Within amounts appropriated for the program, the Employment Security Department must provide sufficient funding to OSPI for employees at ESDs to support the expansion of career connected learning opportunities.

Hold Harmless Technical Correction. The hold harmless calculation established in SB 6362 is revised to base payments for the current school year on levies collected during that school year, rather than levies collected during the previous calendar year.

Appropriation: None.

Fiscal Note: Requested on March 28, 2019.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony on Engrossed Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: We appreciate the increases that will benefit the Tacoma school district. Decreased levy capacity does have repercussions for the school budgets and results in cuts. Levy relief would be hugely impactful. The striker allows flexibility in capital funds and benefits Seattle. The hold harmless language will benefit the Olympia School District.

We are requesting an amendment for ESDs and SEBB so they have time to come up with a solution. SEBB creates a number of additional costs and since ESDs cannot run levies they need a solution. Healthcare costs more than double for ESD 113 due to SEBB costs.

OTHER: An outstanding issue in the budget is the K-3 class size funding and we would like to see a delay in K3 class size compliance for at least one year. The districts need more clear guidelines on allowed usage for enrichment levies.

Persons Testifying: PRO: Clifford Traisman, Seattle, Olympia, Highline Public Schools; Carla Santorno, Tacoma School District; Dave Mastin, OSPI; Jessica Vavrus, Washington State School Directors' Association; Charlie Brown, Tacoma Public Schools.

OTHER: Melissa Gombosky, Association of Educational Service Districts; Troy Nichols, Capital Region ESD 113.

Persons Signed In To Testify But Not Testifying: No one.