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**ENGROSSED SUBSTITUTE HOUSE BILL 1248**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Stonier, Harris, Senn, Simmons, Ryu, Reeves, Bergquist, Eslick, Pollet, and Reed)

AN ACT Relating to pupil transportation; amending RCW 28A.160.140; adding a new section to chapter 28A.160 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  The legislature recognizes that school bus drivers play a crucial role in ensuring students' safe passage to and from school, preventing absences, and extending a positive school climate beyond the classroom. By delivering this essential service, school bus drivers provide a significant time and convenience benefit to thousands of Washington families, remove cars from the road, reduce overall emissions, and increase traffic safety. However, a recent national survey revealed that 94 percent of bus contractors experience driver shortages, with 21 percent reporting their shortages as severe. With this act, the state of Washington intends to encourage the retention of bus drivers who provide vital services to local communities.

**Sec.**  RCW 28A.160.140 and 1990 c 33 s 140 are each amended to read as follows:

(1) As a condition of entering into a pupil transportation services contract with a private nongovernmental entity, each school district shall engage in an open competitive process at least once every five years. This requirement shall not be construed to prohibit a district from entering into a pupil transportation services contract of less than five years in duration with a district option to renew, extend, or terminate the contract, if the district engages in an open competitive process at least once every five years after July 26, 1987.

(2)(a) A school district may only enter into, renew, or extend a pupil transportation services contract with a private nongovernmental entity if that entity provides the following to, or on behalf of, its employees who choose to opt in for coverage:

(i) An employer health benefits contribution equal to the employer payment dollar amount in effect for the first year of the contract for health care benefit rates (cockle rates), published annually by the health care authority, for the school employees' benefits board program for school employees; and

(ii) An amount equivalent to the salaries of the employees of the private nongovernmental entity multiplied by the employer normal cost contribution rate determined under the entry age cost method for the school employees' retirement system, as published in the most recent actuarial valuation report from the office of the state actuary for the first year of the contract.

(b) All pupil transportation service contracts entered into or modified after the effective date of this section must include a detailed explanation of any contract cost increase by year, expenditure type, and amount, including any increases in cost that result from providing the benefits required under this section.

(3) As used in this section:

((~~(1)~~)) (a) "Employees" means in-state employees of the private nongovernmental entity working sufficient compensated hours performing services pursuant to the contract with the school district to meet the eligibility requirements for the school employees' benefits board program if the employees were directly employed by a school district;

(b) "Open competitive process" means either one of the following, at the choice of the school district:

((~~(a)~~)) (i) The solicitation of bids or quotations and the award of contracts under RCW 28A.335.190; or

((~~(b)~~)) (ii) The competitive solicitation of proposals and their evaluation consistent with the process and criteria recommended or required, as the case may be, by the office of financial management for state agency acquisition of personal service contractors;

((~~(2)~~)) (c) "Pupil transportation services contract" means a contract for the operation of privately owned or school district owned school buses, and the services of drivers or operators, management and supervisory personnel, and their support personnel such as secretaries, dispatchers, and mechanics, or any combination thereof, to provide students with transportation to and from school on a regular basis; and

((~~(3)~~)) (d) "School bus" means a motor vehicle as defined in RCW 46.04.521 and under the rules of the superintendent of public instruction.

NEW SECTION. **Sec.**  A new section is added to chapter 28A.160 RCW to read as follows:

(1) A school district that experiences an increase in costs to a pupil transportation services contract as compared to prior year contract costs as a result of the provisions in RCW 28A.160.140 is eligible for supplemental transportation allocations as described in this section.

(2) Beginning September 1, 2024, school districts that provide pupil transportation through a contract with a nongovernmental entity under RCW 28A.160.140 must annually provide the office of the superintendent of public instruction with the following information:

(a) A breakdown of the total contract cost increase, including a detailed explanation of the increase by expenditure type demonstrating dollar equivalency as required in RCW 28A.160.140(2)(a)(i) and percentage equivalency as required in RCW 28A.160.140(2)(a)(ii), as defined by the office of the superintendent of public instruction, and amount;

(b) A breakdown of cost from the contractor that shows the cost to provide health care and pension benefits to employees prior to the effective date of this section and the cost to provide health care and pension benefits to employees after the implementation of benefits as described in RCW 28A.160.140;

(c) The amount of funding received through transportation allocations under RCW 28A.160.150 through 28A.160.192 prior to the implementation of school employee benefits under chapter 41.05 RCW and the amount of funding received through the same transportation allocations for the period immediately following the implementation of school employee benefits under chapter 41.05 RCW, to determine the amount of funding for health care that is already being included in allocations.

(3) The office of the superintendent of public instruction may suspend the reporting requirements under subsection (2) of this section on or after September 1, 2027, for districts that do not request supplemental transportation allocations under this section.

(4) Subject to the availability of amounts appropriated for this specific purpose, the office of the superintendent of public instruction must reimburse a school district for the increased cost that is directly attributable to increased benefits as required under this act, using the following formula: The total contract cost increase, less any amounts not attributable to benefits required under RCW 28A.160.140, less the amount the allocation was increased based on the actual cost increase through the transportation funding formula.

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