

# FINAL BILL REPORT

## ESHB 1248

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Synopsis as Enacted

**Brief Description:** Concerning pupil transportation.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Stonier, Harris, Senn, Simmons, Ryu, Reeves, Bergquist, Eslick, Pollet and Reed).

**House Committee on Appropriations**  
**Senate Committee on Early Learning & K-12 Education**  
**Senate Committee on Ways & Means**

### **Background:**

#### Pupil Transportation.

The state's statutory program of basic education includes transportation to and from school for eligible students.

To provide transportation allocations to school districts, the Office of the Superintendent of Public Instruction (OSPI) uses the Student Transportation Allocation Reporting System (STARS), which is a regression formula that uses prior year expenditures, student passenger counts, and district characteristics to calculate the expected costs of to-and-from transportation. School districts may contract with private nongovernmental entities for pupil transportation services provided that the district engages in an open competitive process for the services at least once every five years. Costs associated with pupil transportation services contracts are also included in STARS formulas.

#### School Employee Benefits.

To provide health care and related benefits for all eligible public school employees and represented employees of educational service districts, the Legislature created the nine-member School Employees' Benefits Board (SEBB). The program is administered by the Health Care Authority. Under the SEBB, collective bargaining for school employee health benefits is consolidated to a single agreement. State prototypical school funding formulas include funding for health benefits under the SEBB for state-funded staff units. The current

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Health Benefits Rate that applies to each SEBB-eligible school employee is \$1,100 per employee per month in the 2023-24 school year.

For retirement, classified school employees are provided pension benefits through the School Employees' Retirement System (SERS), administered by the Department of Retirement Systems. For the 2023-24 school year, the employer contribution rate is 10.73 percent excluding administrative fees, and the employee contribution rate is 7.76 percent.

### **Summary:**

#### Pupil Transportation Contractor Benefits.

Any pupil transportation contract entered into, renewed, or extended must require the contractor to provide the following to, or on behalf of, its employees who choose to opt in for coverage:

- a contribution equal to the employer payment dollar amount in effect for the first year of the contract for health care benefit rates for the SEBB program; and
- an amount equivalent to the salaries of the employees of the contractor multiplied by the employer normal cost contribution rate determined under the entry age cost method for the SERS.

Contracts entered into, renewed, or extended in the 2024 calendar must provide the required benefits by the beginning of the 2025-26 school year.

"Employees" are defined as in-state employees of a private nongovernmental entity who work sufficient compensated hours performing services on a school district's contract to meet the eligibility requirements for the state health benefits program for school employees if the employee was employed directly by the school district.

Subject to amounts appropriated, the OSPI must provide supplemental transportation allocations to reimburse school districts for increases in costs directly attributable to the new contractor benefit requirements. The reimbursement must be based on the total contract cost increase, less the portion of the increase not attributable to benefits required under the bill and the increase in transportation allocations due the cost increases.

Beginning September 1, 2024, school districts that contract for pupil transportation services must report:

- a breakdown of the total contract increase to show the required dollar equivalency for health care and retirement benefits;
- a breakdown from the contractor showing healthcare and pension benefits before and after the implementation of benefits required in the bill; and
- the amounts received under state transportation formulas before and after the implementation of the SEBB to determine funding already being included.

### **Votes on Final Passage:**

House 57 39  
Senate 28 21 (Senate amended)  
House 57 37 (House concurred)

**Effective:** June 6, 2024