

Multiple Agency Fiscal Note Summary

Bill Number: 1246 HB	Title: Health benefits/SEBB
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Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	24.0	0	0	9,728,000	24.0	0	0	7,216,000	24.0	0	0	7,216,000
Washington State Health Care Authority	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Superintendent of Public Instruction	.0	26,000	26,000	26,000	.0	0	0	0	.0	0	0	0
Total \$	24.0	26,000	26,000	9,754,000	24.0	0	0	7,216,000	24.0	0	0	7,216,000

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Marcus Ehrlander, OFM	Phone: (360) 489-4327	Date Published: Final
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Individual State Agency Fiscal Note

Bill Number: 1246 HB	Title: Health benefits/SEBB	Agency: 107-Washington State Health Care Authority
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	24.0	24.0	24.0	24.0	24.0
Account					
School Employees' Benefits Board Dental Benefits Administration Account-State 475-1	90,000	180,000	270,000	360,000	360,000
School Employees' Insurance Admin Acct-State 492-1	5,598,000	2,565,000	8,163,000	5,130,000	5,130,000
School Employees' Benefits Board Medical Benefits Administrative Account-State 494-1	432,000	863,000	1,295,000	1,726,000	1,726,000
Total \$	6,120,000	3,608,000	9,728,000	7,216,000	7,216,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: James Mackison	Phone: 360-786-7104	Date: 01/17/2023
Agency Preparation: Kate LaBelle	Phone: 360-725-1918	Date: 01/26/2023
Agency Approval: Tanya Deuel	Phone: 360-725-0908	Date: 01/26/2023
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/26/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The attached narrative includes details of both the unknown and known costs. Please see attached narrative for details.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

See attached narrative.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The attached narrative includes details of both the unknown and known costs. Please see attached narrative for details.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
475-1	School Employees' Benefits Board Dental Benefits Administration Account	State	90,000	180,000	270,000	360,000	360,000
492-1	School Employees' Insurance Admin Acct	State	5,598,000	2,565,000	8,163,000	5,130,000	5,130,000
494-1	School Employees' Benefits Board Medical Benefits Administrative Account	State	432,000	863,000	1,295,000	1,726,000	1,726,000
Total \$			6,120,000	3,608,000	9,728,000	7,216,000	7,216,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	24.0	24.0	24.0	24.0	24.0
A-Salaries and Wages	1,821,000	1,821,000	3,642,000	3,642,000	3,642,000
B-Employee Benefits	694,000	696,000	1,390,000	1,392,000	1,392,000
C-Professional Service Contracts	2,945,000		2,945,000		
E-Goods and Other Services	138,000	48,000	186,000	96,000	96,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	522,000	1,043,000	1,565,000	2,086,000	2,086,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	6,120,000	3,608,000	9,728,000	7,216,000	7,216,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
COMMUNICATIONS CONSULTANT 4		1.0	1.0	1.0	1.0	1.0
FISCAL ANALYST 3		5.0	5.0	5.0	5.0	5.0
FISCAL ANALYST 4		1.0	1.0	1.0	1.0	1.0
HUMAN RESOURCE CONSULTANT 4		1.0	1.0	1.0	1.0	1.0
IT APP DEVELOPMENT - SENIOR/SPECIALIST		1.0	1.0	1.0	1.0	1.0
IT BUSINESS ANALYST - JOURNE		1.0	1.0	1.0	1.0	1.0
IT DATA MANAGEMENT - SENIO. MANAGER		1.0	1.0	1.0	1.0	1.0
LEGAL ASSISTANT 3		1.0	1.0	1.0	1.0	1.0
MANAGEMENT ANALYST 4		2.0	2.0	2.0	2.0	2.0
MEDICAL ASSISTANCE SPECIALIST 4		5.0	5.0	5.0	5.0	5.0
MEDICAL ASSISTANCE SPECIALIST 5		1.0	1.0	1.0	1.0	1.0
PARALEGAL 2		1.0	1.0	1.0	1.0	1.0
PROGRAM SPECIALIST 3		2.0	2.0	2.0	2.0	2.0
WMS BAND 02		1.0	1.0	1.0	1.0	1.0
Total FTEs		24.0	24.0	24.0	24.0	24.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

HCA Fiscal Note

Bill Number: 1246 HB

HCA Request #: 23-045

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Section 1 of this bill amends RCW 41.05.740 (school employees' benefits board) to include new eligibility criteria for the School Employees Benefits Board (SEBB) program which allows for the following:

- School employees who are anticipated to work less than 630 hours in a single SEBB Organization may gain eligibility by combining hours they are anticipated to work across multiple SEBB Organizations.
- The employer contribution for all school employees, not just those who establish eligibility based on combining hours across SEBB Organizations, will be prorated across the employing SEBB Organizations based on data reported under RCW 28A.400.275 (Employee benefits—Contracts or agreements—Submission of information to the health care authority). Employers who allow for locally negotiated eligibility may not prorate the employer contribution.
- A school employee who has gained benefits eligibility during a school year and who is returning in the following school year is presumed eligible if they do not have a schedule change that would cause them to work less than 630 hours a school year.
- When determining how many hours a school employee is anticipated to work in the school year, all hours for which a school employee is anticipated to receive compensation from any SEBB organization during an approved leave period or a paid holiday must be included.

Section 2 of this bill adds additional language to RCW 28A.400.275 to require the reported data must include details necessary for the SEBB and Health Care Authority (HCA) to determine eligibility of employees employed by more than one SEBB organization and prorate employer contributions under RCW 41.05.740.

Section 3 of this bill requires the HCA and the Office of the Superintendent of Public Instruction (OSPI) to convene and facilitate a work group of SEBB Organizations to establish a process for using and modifying data currently required to be reported to determining eligibility for school employees eligible for benefits by working at multiple SEBB Organizations. This section expires December 31, 2023.

Section 4 of this bill establishes an effective date of January 1, 2024 for Sections 1 and 2 of this bill.

II. B - Cash Receipts Impact

None

HCA Fiscal Note

Bill Number: 1246 HB

HCA Request #: 23-045

II. C – Expenditures

Fiscal impact greater than \$50,000.

School Employees Benefits Board

HCA has both known and unknown anticipated costs associated with the changes required by this bill. While the table below reflects the known costs, the total fiscal impact of this bill is indeterminate.

	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029
FTE	24.0	24.0	24.0	24.0	24.0	24.0
A Salaries and Wages	1,821,000	1,821,000	1,821,000	1,821,000	1,821,000	1,821,000
B Employee Benefits	694,000	696,000	696,000	696,000	696,000	696,000
C Professional Service Contracts	2,945,000	-	-	-	-	-
E Goods and Other Services	138,000	48,000	48,000	48,000	48,000	48,000
N Grants, Benefits & Client Services	522,000	1,043,000	1,043,000	1,043,000	1,043,000	1,043,000
Totals	\$ 6,120,000	\$ 3,608,000	\$ 3,608,000	\$ 3,608,000	\$ 3,608,000	\$ 3,608,000

Section 1 of this bill amends RCW 41.05.740 to include new eligibility criteria for employees to enter the SEBB program under the following:

- School employees who are anticipated to work less than 630 hours in a single SEBB Organization may gain eligibility by combining hours they are anticipated to work across multiple SEBB Organizations. Employers who allow for locally negotiated eligibility may not prorate the employer contribution.
- A school employee who has gained benefits eligibility during a school year and who is returning in the following school year is presumed eligible if they do not have a schedule change that would cause them to work less than 630 hours a school year.
- When determining how many hours a school employee is anticipated to work in the school year, all hours for which a school employee is anticipated to receive compensation from any SEBB organization during an approved leave period or a paid holiday must be included.

Section 2 of this bill adds additional language to RCW 28A.400.275 to require the reported data must include details necessary for the SEBB and HHCA to determine eligibility of employees employed by more than one SEBB organization and prorate employer contributions under RCW 41.05.740

Section 3 of this bill requires the HCA and OSPI to convene and facilitate a work group of SEBB Organizations to establish a process for using and modifying data currently required to be reported to determining eligibility for school employees eligible for benefits by working at multiple SEBB Organizations. This section expires December 31, 2023.

Section 4 of this bill establishes an effective date of January 1, 2024 for Sections 1 and 2 of this bill.

Unknown Costs – not included in fiscal estimate:

SEBB Organization fiscal impact:

- The HCA assumes that the same funding rate will be collected from SEBB Organizations for school employees eligible as a result of this bill. However, HCA does not have data to estimate the total additional school employee population that could become eligible as a result of combining hours from multiple SEBB Organizations and cannot measure costs associated with

HCA Fiscal Note

Bill Number: 1246 HB

HCA Request #: 23-045

this change. No adjustments appear to be made to the state's formula for funding benefits and, therefore, all costs for the employer contribution for school employees who gain eligibility for SEBB benefits in these instances, unless an adjustment is made to the state formula, would be fully borne by school districts.

Other administrative needs

- Mailings: Increase in letters mailings sent to school employees and employers directly related to eligibility. Because it is unclear how many additional members would be added to the SEBB population as a result of this bill, HCA cannot estimate costs associated with increased mailing.

Known costs – included in fiscal estimate:

Technology and system needs

Due to the age and structure of the mainframe system Pay1, which is the accounting system of record for PEBB and SEBB, it is not capable of adapting to accommodate the requirements of this bill. A full replacement of Pay1 would be beneficial to accommodate changes such as those outlined in this bill, however; the existing Benefits 24/7 enrollment system *might* be capable of accommodating the needs of this bill as a temporary solution. The Benefits 24/7 system necessitates updates to accommodate this new structure, which cannot be readily achieved by the January 1, 2024 effective date of this bill.

Updates to this system would take a *minimum* of nine months and approximately \$3 million in fiscal year 2024. HCA has significant concerns that a rushed implementation related to the combining of anticipated work hours across multiple SEBB Organizations has significant legal risks. These system updates would also require Office of the Chief Information Officer (OCIO) oversight. The contractor and other technology needs outlined below will require a start date prior to July 1, 2023 in order to achieve the January 1, 2024 effective date. Due to the short implementation period, HCA would need to use any available PEBB and SEBB funds in our fund balance to start this work before fiscal year 2024 and still would be unlikely to successfully implement changes by January 1, 2024.

The one-time cost to establish the solution in the Benefits 24/7 system includes the following contracted work:

- Two business analysts for nine months, \$550,000
- Three mainframe developers for nine months, \$702,000
- Two testers for nine months, \$410,000
- One project manager for nine months, \$330,000
- One half-time (.5) contractor for organizational change management for 6 months, \$150,000
- One quarter-time (.25) contractor for external quality assurance for 7 months, \$100,000
- Two for web application developers for nine months, \$550,000
- One UX designer for web application for six months, \$153,000
- Infrastructure costs, \$90,000

HCA Staffing needs

The HCA requires 24.0 FTEs to complete the work as a requirement of this bill. Funding is requested effective July 1, 2023. However, in order to meet the January 1, 2024 effective date requirement of this bill, these positions will be filled upon passage of this bill, and funds would be used from the PEBB and SEBB fund balances to start work in fiscal year 2023.

Employee and Retiree Benefits (ERB) Division - requires increased staffing levels to perform the manual aspects of eligibility determinations required by this legislation. HCA currently has no staff that perform eligibility determinations for any employees, as currently employee eligibility determinations are

HCA Fiscal Note

Bill Number: 1246 HB

HCA Request #: 23-045

delegated entirely to employers in the SEBB & PEBB Programs. HCA will need to provide support to SEBB Organizations in implementing eligibility determinations. HCA will also need to adopt new policies and administrative rules to implement the complex eligibility topics included in this bill.

- 5.0 FTEs Medical Assistant Specialist 4
- 1.0 FTE Medical Assistant Specialist 5
- 2.0 FTEs Program Specialist 3
- 1.0 FTE Management Analyst 4

Financial Services Division - processes the invoicing made to and payments received by SEBB Organizations. Increased support will be necessary to support complex reconciliations of prorated employer contributions for every school employee with hours worked in multiple SEBB Organizations. In order to process this increased workload, HCA will need:

- 1.0 FTE Fiscal Analyst 4
- 5.0 FTEs Fiscal Analyst 3

Central HCA Communications – will need to create and maintain new communication strategies related to the eligibility, payment, and appeals resulting from this bill:

- 1.0 FTE Communications Consultant 4

Information Services/Information Technology - requires increased staffing levels to lead project implementation, maintain data interfaces between districts and the HCA, develop SEBB Program business requirements, and make change to the established (or leveraged) system of record. To accomplish this task Information Technology will need the following in increased staffing levels:

- 1.0 FTE IT Application Development, Senior
- 1.0 FTE IT Business Analyst, Journey
- 1.0 FTE IT Data Management, Senior

Division of Legal Services - requires increased staffing levels to support legal needs, and interact with the Office of the Attorney General (AG), related to hearing and appeals of eligibility determinations made by HCA. Due to the complexities of determining eligibility and the proration billing process, HCA anticipates a large increase of appeals:

- 1.0 FTE WMS-2, Legal/Appeals
- 1.0 FTE Paralegal
- 1.0 FTE Legal Assistant 3

Audit and Accountability - provides independent and objective feedback about business operations to help ensure HCA's processes and internal controls comply with state and federal requirements. The following staff is needed to audit the new internal HCA eligibility determination and split-billing practices required by this bill:

- 1.0 FTE Management Analyst 4

Employee Resource Division - facilitates human resource related duties for new staff. The following is needed support:

- 1.0 FTE Human Resources Consultant 4

Uniform Medical Plan and Uniform Dental Plan Administrative Costs

HCA anticipates increased administrative costs for the SEBB Uniform Medical Plan (UMP), and Uniform Dental Plan (UDP) third party administrator (TPA) fees. For purposes of this fiscal note, HCA

HCA Fiscal Note

Bill Number: 1246 HB

HCA Request #: 23-045

assumed a hypothetical 5,000 school employees would gain eligibility as a result of this bill. The HCA contracts with multiple vendors for the administration of the self-insured medical plan UMP and the self-insured dental plan UDP:

- Regence BlueShield is the TPA for the UMP. Administrative fees are paid on a Per Subscriber Per Month (PSPM) basis.
- Moda is the Pharmacy Benefits Manager (PBM) for the UMP. The administrative fee paid to Moda is on a per member per month basis.
- Delta Dental is the TPA for the UDP. Administrative fees are paid on a PSPM basis.

Assuming 5,000 additional school employees and their dependents become eligible for benefits as a result of this bill, HCA would require \$432,000 and \$90,000 for funds 494 and 475 respectively for fiscal year 2024, and \$863,000 and \$180,000 per fiscal year for funds 494 and 475 respectively for ongoing years. This is subject to change if fees paid to a TPA changes, or if enrollment differs from the general assumption of 5,000 subscribers used for purposes of this analysis.

General Assumptions:

- HCA has no reliable data to inform the actual number of school employees that could be impacted by this bill. HCA has concerns that data since the launch of the SEBB program might not be reflective of existing and future hiring and work patterns of part time school employees who could be impacted by this bill. For purposes of this fiscal note analysis, HCA assumed a hypothetical 5,000 school employees and their dependents would gain eligibility as a result of this bill.
- None of this analysis includes the impact to benefits costs in the funding rate that could result by the additional school employees (and eligible dependents) that would be covered.
- HCA assumes that if the one-year look back process described in subsection (6)(d)(ii)(B) is enacted that it will preempt all existing SEBB resolutions, rules, policies, and procedures that have created a two-year look back eligibility determination process.
- With the effective date of January 1, 2024, new eligibility determinations will need to be made by SEBB Organizations after the start of the 2023-24 school year applying the one-year look back provision of this bill.
- HCA assumes that employee premiums will *not* be prorated and instead will be collected from the SEBB Organization with the majority of hours establishing eligibility.
- HCA assumes it would designate the SEBB Organization with the largest number of hours worked by the school employee as the primary employer responsible for supporting the school employee the same as if that SEBB Organization had made the benefits eligibility determination. The SEBB Organizations support will include, but is not limited to, the following: supporting the school employee during the initial, annual open enrollment, and special open enrollment processes; performing dependent verification; providing general communications or account specific notifications; collecting employee premium contributions, and remitting employee premiums to HCA.
- All existing policies and procedures that apply to existing SEBB benefits eligibility school employees will similarly apply to school employees who gain eligibility as a result of this bill.
- HCA's existing rule-making authority includes anything necessary to implement this bill.
- Affordable Care Act (ACA) reporting responsibilities remain with SEBB Organizations.
- All parties required to share data will timely execute data sharing agreements.

HCA Fiscal Note

Bill Number: 1246 HB

HCA Request #: 23-045

Public Employees Benefits Board (PEBB)

Increasing the number of eligible school employees in the SEBB Program will also result in an unknown increase in K-12 retirees that will have eligibility for PEBB retiree benefits. Increasing enrollment in future retiree coverage under this bill will increase the K-12 remittance to account for the PEBB retiree subsidies.

Medicaid

No fiscal impact.

No impacts on the Medicaid lines of business because this legislation places the requirements under RCW 41.05.

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

Individual State Agency Fiscal Note

Bill Number: 1246 HB	Title: Health benefits/SEBB	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	26,000	0	26,000	0	0
Total \$	26,000	0	26,000	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: James Mackison	Phone: 360-786-7104	Date: 01/17/2023
Agency Preparation: Michelle Matakas	Phone: 360 725-6019	Date: 01/26/2023
Agency Approval: TJ Kelly	Phone: 360 725-6301	Date: 01/26/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/26/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

section 3 of this bill requires OSPI and HCA to convene a workgroup of school employees benefits board to establish a process for reporting data.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

OSPI assumes that the workgroup will meet monthly from July through December FY 2023, with 10 staff members for one hour. With in person travel costs we estimate the cost of this work group to be approximately \$26,000.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	26,000	0	26,000	0	0
Total \$			26,000	0	26,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel	26,000		26,000		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	26,000	0	26,000	0	0

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1246 HB	Title: Health benefits/SEBB	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: James Mackison	Phone: 360-786-7104	Date: 01/17/2023
Agency Preparation: TJ Kelly	Phone: (360) 725-6301	Date: 01/24/2023
Agency Approval: Michelle Matakas	Phone: 360 725-6019	Date: 01/24/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/25/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 – makes school employees eligible for SEBB benefits if they are anticipated to work more than 630 hours per school year across multiple SEBB organizations. An employee who gained benefits in the prior school year who is returning for the subsequent school year shall be presumed eligible if their schedule has not changed. The determination of how many hours an employee is anticipate working all hours for which an employee is anticipated to receive compensation from any SEBB organization must be included.

Section 2- requires each school district and ESD to report data that includes details necessary for the SEBB board to determine the eligibility of employees employed by more than one SEBB organization and prorate contributions under RCW 41.05.740(6)(d)(ii)(A).

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None. School district revenue for employee benefits is based on the allocated staff units in the prototypical school funding model, and the various funding rates such as the running start rate or the special education funding rate that are derived from that model. This bill does not increase revenue for districts because it makes no changes to the underlying funding model.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Non-zero indeterminate.

School districts do not track the hours that staff work in other school districts or SEBB organizations. Using data from the personnel reporting system from the 2021-22 school year shows that 769 individuals were employed in more than one SEBB organization. Each new employee who becomes SEBB eligible will cost school districts approximately \$17,600 per person. OSPI assumes that between 50% and 75% of these individuals would become SEBB eligible due to the language in this bill. Therefor the range of school district costs is between \$6,767,200 (769 X .5 X \$17,600) and \$10,200,000 (769 X .75 X \$17,600) per school year for staff currently reported in the state personnel reporting system.

OSPI does not have data that would show the impact related to staff not currently reported in the state personnel reporting system. These costs would be on top of those referenced in the preceding paragraph.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.