

# HOUSE BILL REPORT

## HB 1001

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### As Reported By House Committee On:

Higher Education

**Title:** An act relating to expenditure requirements of institutions of higher education.

**Brief Description:** Exempting institutions of higher education from certain expenditure requirements.

**Sponsors:** Representatives Carlson, Sommers, Brumsickle, Jacobsen, Foreman, Silver, Schoesler, Kessler, Blanton, Morris, Dyer, Lisk, Van Luven, Ballasiotes, Reams, Horn, Sehlin, Chandler, Cooke, L. Thomas, B. Thomas, Scott, Tokuda, Benton, Costa, Delvin, Mason, Thompson, Beeksma, Brown, Backlund, Pennington, Mastin, Mitchell, Cole, Quall, Basich, Smith, Mulliken, Huff, Talcott and Chopp.

### Brief History:

#### Committee Activity:

Higher Education: 1/10/95, 1/12/95 [DPS].

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Carlson, Chair; Mulliken, Vice Chair; Jacobsen, Ranking Minority Member; Mason, Assistant Ranking Minority Member; Benton; Blanton; Delvin; Goldsmith; Kessler; Mastin and Sheahan.

**Staff:** Susan Hosch (786-7120).

**Background:** Under current law, any state general fund money that is unexpended at the end of a biennium must be returned to the general fund. In addition, by law, state agencies are required to create spending plans designed to use state and non-state money in a way that conserves the state money.

During the summer and fall of 1993, the House Republican Caucus Higher Education Task Force convened a series of meetings throughout the state. As a result of those meetings, the members of the task force recommended giving colleges and universities more management flexibility to meet the demands of their educational communities. One method to increase management flexibility was recommended by staff in the Administrative Services Division at Clark College. They recommended

giving institutions an incentive to behave more efficiently by permitting them to keep any money saved during a biennium and use it during the next biennium.

**Summary of Substitute Bill:** The requirement that agencies spend appropriated and non-appropriated money in a way that conserves the appropriated money does not apply to state institutions of higher education.

**Substitute Bill Compared to Original Bill:** The substitute bill adds an emergency clause to the original bill.

**Appropriation:** None.

**Fiscal Note:** Requested January 9, 1995.

**Effective Date of Substitute Bill:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** Institutions of higher education lack some of the tools needed to enhance prudent management decisions. This legislation creates an incentive for good management by permitting colleges to save money instead of spending it or losing it every two years. By permitting institutions of higher education to spend state money first, they can save money from tuition and carry it over into the ensuing fiscal period. By so doing, colleges will have the ability to create a reserve fund that will assist them in their efforts to weather difficult fiscal periods.

**Testimony Against:** None.

**Testified:** Terry Teale, Council of Presidents; Steve Trotter, The Evergreen State College; Susan Patrick, Higher Education Coordinating Board; Vallie Jo Fry, State Board of Community and Technical Colleges; and Johan Hellman, Washington Student Lobby (all in favor).