

SENATE BILL REPORT

SHB 2613

As of March 1, 2014

Title: An act relating to creating efficiencies for institutions of higher education.

Brief Description: Creating efficiencies for institutions of higher education.

Sponsors: House Committee on Higher Education (originally sponsored by Representatives Gregerson, Zeiger, Seaquist, Haler, Morrell, Pollet and Jinkins).

Brief History: Passed House: 2/14/14, 96-0.

Committee Activity: Higher Education: 2/25/14, 2/27/14 [DPA-WM].

Ways & Means: 3/03/14.

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Bailey, Chair; Becker, Vice Chair; Kohl-Welles, Ranking Member; Baumgartner, Frockt, McAuliffe and Tom.

Staff: Kimberly Cushing (786-7421)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Maria Hovde (786-7710)

Background: Reporting Requirements Under E2SHB 1795. In 2011 under E2SHB 1795, the Legislature granted temporary tuition-setting authority to the governing boards of the state universities, the regional universities, and The Evergreen State College. In the same legislation, the Legislature directed the four-year institutions of higher education to report annually by August 15 on the effectiveness of the various sources and methods of financial aid in mitigating tuition increases. A key purpose of the reports is to provide information regarding the results of the decision to grant tuition-setting authority and whether the authority should continue or revert back to the Legislature after considering the impact on students.

Additionally, the Legislature directed the Joint Legislative Audit and Review Committee (JLARC) to conduct an audit of the impact of tuition-setting authority on student access, affordability, and institutional quality and report to the Legislature by December 15, 2018. In

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the January 2014 project update, JLARC reported that three institutional-level measures – graduate rate, retention rate, and mean time to degree – will be used as indicators of institutional quality.

Payroll for Employees at Institutions of Higher Education. Under current law, state employees are paid for services rendered from the first day through the 15th day of the month, and from the 16th day through the last calendar day of the month. The paydate must not be more than ten days after the pay period in which the wages are earned, except when the paydate falls on a Sunday and then the paydate is the following Monday. Paydates are established six months prior to each calendar year by the director of the Office of Financial Management (OFM). One-half of the employee's monthly salary must be paid each pay period.

Predesigns for Major Capital Projects. A predesign is a decision-making tool that is required for all capital projects that exceed \$5 million. The Legislature and OFM may also require a predesign for certain standalone projects between \$1 million and \$5 million. The purpose of the predesign is to clearly identify the facility need or problem to be addressed and provide an analysis of options to meet the need or solve the problem. The predesign includes information about the space needs of the proposed program, alternatives to the preferred project, and estimated budget information. The predesign often is prepared by architectural consultants and usually includes a detailed space plan.

Washington Higher Education Facilities Authority (Authority). In 1983 the Legislature authorized the Authority to issue tax-exempt bonds on behalf of private, nonprofit colleges and universities to build, improve, and equip higher education facilities in a manner that minimizes capital costs.

To be eligible, the institution of higher education must be an accredited private, nonprofit institution; have its main campus permanently situated in the state; and be open to residents of the state. Eligible projects include dormitories, dining halls, student union buildings, administration buildings, academic buildings, libraries, classrooms, athletic facilities, health care facilities, parking facilities, etc.

The total allowable bonded indebtedness of the Authority may not exceed \$1 billion.

Summary of Bill: Reporting Requirements Under E2SHB 1795. The four-year institutions of higher education must report on the effectiveness of financial aid in mitigating tuition increases by December 31, rather than August 15. Additionally, only institutions of higher education that increased tuition beyond levels assumed in the operating budget after January 1, 2011, must provide the financial aid report.

JLARC's audit of the impact of tuition-setting authority must consider student completion rather than institutional quality.

Payroll for Employees at Institutions of Higher Education. Any public institution of higher education may pay its employees for services rendered biweekly in pay periods consisting of two consecutive seven-calendar-day weeks. The paydate must be seven days after the end of the pay period, except when the paydate falls on a holiday, and then the paydate is the

following Monday. Each institution that adopts a biweekly pay schedule must establish, publish, and notify the director of OFM of the paydates six months prior to each calendar year.

Salaried employees on a biweekly payroll cycle may receive a prorated amount of their annualized salary each pay period proportional to the number of pay periods worked in the calendar year. Hourly employees on a biweekly payroll cycle may be paid their actual salary amount earned during the pay period.

Academic employees at institutions of higher education employed less than 12 months may have their salaries prorated so that they coincide with the paydays of full-time employees.

Predesigns for Major Capital Projects. The predesign threshold for higher education institutions is raised from \$5 million to \$10 million.

The Authority. The total allowable bonded indebtedness of the Authority is increased from \$1 billion to \$1.5 billion.

EFFECT OF CHANGES MADE BY HIGHER EDUCATION COMMITTEE (Recommended Amendments): The total allowable bonded indebtedness of the Authority is increased from \$1 billion to \$1.5 billion.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Substitute House Bill (Higher Education): PRO: This bill shows accountability in the system and does away with duplicative reporting requirements, making things more efficient for taxpayers. The University of Washington (UW) would have a savings of \$700,000 through biweekly payroll and there will be additional savings with the capital piece. An amendment to help increase the debt limit to the Authority would fit well under the title of bill.

Persons Testifying (Higher Education): PRO: Representative Gregerson, prime sponsor; Representative Zeiger; Kim Herman, WA Higher Education Facilities Authority; Margaret Shepherd, UW; Steve DuPont, Central WA University.