

HOUSE BILL REPORT

HB 1893

As Reported by House Committee On: Higher Education

Title: An act relating to increasing transparency in community and technical colleges by requiring certain budget detail to be available online.

Brief Description: Increasing transparency in community and technical colleges by requiring certain budget detail to be available online.

Sponsors: Representatives Sells, Haler, Moscoso, Zeiger, Pollet, S. Hunt, Appleton, Riccelli, Tarleton, Ormsby and Bergquist.

Brief History:

Committee Activity:

Higher Education: 2/10/15, 2/18/15 [DPS].

Brief Summary of Substitute Bill

- Requires each community and technical college district to post budgeted and non-budgeted revenues and anticipated expenditures for all non-state, non-appropriated funds to their websites within 30 days of adopting their annual college budgets.
- Requires each community and technical college to post ending fund balances for all non-state, non-appropriated funds and accounts from the previous fiscal year on their websites each year within 30 days after fiscal closing.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Hansen, Chair; Pollet, Vice Chair; Zeiger, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Bergquist, Gregory, Hargrove, Holy, Reykdal, Sells, Stambaugh, Tarleton and Van Werven.

Staff: Megan Mulvihill (786-7304).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Washington has 34 community and technical colleges (CTCs) which are governed by the State Board for Community and Technical Colleges (State Board). The State Board is the financial manager and general accountant for the CTC system and reviews the budgets prepared by the Boards of Trustees at each CTC. After reviewing the budgets, the State Board establishes a general budget for the state system of CTCs and submits it to the Governor and the Legislature. The State Board allocates funds received from the Legislature to the CTCs.

The CTCs have two sources of funding: appropriated and non-appropriated. Appropriated funds are designated by the Legislature to be used by the CTCs for specific purposes, amounts, and time frames. Non-appropriated funds from a variety of revenue sources can be expended by the CTCs without legislative approval.

The State Board currently posts their annual Academic Year Reports online. The reports include a section on funding and expenditures for the past academic year. The Washington Education Research and Data Center (ERDC) posts higher education finance information online in the Higher Education Finance Report. The Higher Education Finance Report contains detailed financial data by a specific community or technical college for revenues, expenditures, student subsidy, and performance categories.

In fiscal year 2013-14, the expenditures by source of funds for the CTC system was reported as follows:

- 46 percent from state appropriated funds;
- 27 percent from student operating fees (tuition);
- 16 percent from grants and contracts; and
- 11 percent from dedicated local funds.

The local dedicated funds include: revenue from investments; student fees for self-supported courses; miscellaneous fees such as lab, technology, and other fees established for specific purposes; and instructional enterprises such as food service, bookstore, parking, and auto repair courses. These auxiliary enterprises each have their own enterprise fund and account.

Summary of Substitute Bill:

Each CTC district must post on its website the budgeted and non-budgeted revenues and anticipated expenditures for all non-state, non-appropriated funds within 30 days of adopting their annual college budgets. These funds include, but are not limited to, revenue from tuition, parking, rentals, parking lot fees, bookstore sales, contract revenues such as international student fees, Running Start revenue, and all other non-appropriated accounts.

In addition, each CTC must post ending fund balances for all non-state, non-appropriated funds and accounts from the previous fiscal year on their website each year within 30 days after fiscal closing. Where there is a difference between ending balance and beginning fund balance due to transfers of funds between accounts, these balances must be reported as ending fund balances from the recently closed fiscal year and the projected beginning fund balances for the upcoming year.

The Office of the State Treasurer (Treasurer) and the Office of Financial Management (OFM) are strongly encouraged to make all relevant data available to each CTC to ensure timely posting of the required information to the college websites.

Substitute Bill Compared to Original Bill:

The responsibility for posting budget information online is changed from the State Board to the individual CTC and its district. Rather than non-state, appropriated funds being posted online, the substitute bill requires online posting of: (1) budgeted and non-budgeted revenues and anticipated expenditures for all non-state, non-appropriated funds; and (2) ending fund balances for all non-state, non-appropriated funds and accounts from the previous fiscal year. Instead of the CTCs supplying budget information to the State Board, the Treasurer and the OFM are encouraged to submit data to the CTCs.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill answers the question, how is money being spent? People can make public records requests or be directed to the EDRC's dashboard. Transparency is increased by having the State Board post budget information online. The State Board does not track staff salaries or local funds. The use and reporting of local funds is not clear. The State Board should receive information about local funds, and it should be made public. If students are to shoulder the cost of increasing tuition, then it should be made clear how the CTCs are spending money.

(With concerns) Previous legislation requires the State Board to compile all revenue by source and show how each tuition dollar is spent. A link to this information is included on a student's tuition bill. The State Board is a government agency, so governmental accounting standards are used. All of this information is reported, but it is different than what one might expect to see on a financial statement.

(Opposed) None.

Persons Testifying: (In support) Representative Sells, prime sponsor; Carla Sinclair, Washington Educators Association - Community College of Spokane; Kevin Asman, American Federation of Teachers - Washington; and Rowland Thompson, Allied Daily Newspapers.

(With concerns) Nick Lutes, State Board for Community and Technical Colleges.

Persons Signed In To Testify But Not Testifying: None.