

HOUSE BILL REPORT

HB 1509

As Reported By House Committee On:
Appropriations

Title: An act relating to increasing flexibility of institutions of higher education to manage personnel, construction, purchasing, printing, and tuition.

Brief Description: Increasing flexibility of institutions of higher education.

Sponsors: Representatives Locke, Sommers, Silver, Jacobsen, Ludwig and Bray.

Brief History:

Reported by House Committee on:
Appropriations, March 6, 1993, DPS.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 23 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Linville; Peery; Rust; Sehlin; Sommers; Talcott; Wang; Wineberry; and Wolfe.

Minority Report: Do not pass. Signed by 2 members: Representatives Sheahan and Stevens.

Staff: Sherie Story (786-7142).

Background:

Part I: Purchasing, Printing and Construction Authority

The state Department of General Administration establishes requirements for the purchasing activities of all state agencies, including the institutions of higher education. Agencies are required to purchase from Central Stores and state mandatory contracts. Purchase of other items must comply with the public bid requirements requiring formal, sealed bids for items costing more than \$6,000. The bid requirement threshold for purchases from non-state funds is \$15,000 for institutions of higher education.

The public printer provides all printing, printing supplies, and paper for state agencies. For paper, stock, and binding materials, the public printer charges agencies the purchase price plus 5 percent for handling. The public printer may contract with private sources on behalf of agencies, and may charge agencies up to an additional 5 percent for handling.

Multiple-trade construction projects over \$15,000 at community and technical colleges, and over \$25,000 at four-year institutions, must be publicly bid rather than done by college employees. Single-trade construction projects over \$10,000 at four-year institutions must be publicly bid. A small works roster process may be used for the purpose of competitively awarding construction projects costing up to \$50,000 at all higher education institutions. Projects costing more than \$50,000 must be awarded using a formal, publicly advertised, sealed-bid process. The Department of General Administration manages construction projects, including the bid process, at the community and technical colleges.

Part II: Tuition Authority

Student tuition is comprised of three parts: operating fees; building fees; and student services and activities fees. Revenue from building and operating fees is transmitted to the state treasurer. The treasurer maintains separate operating fees and building fees accounts for each institution. They are subject to appropriation by the Legislature. Interest earnings are retained in the general fund.

The operating fees amounts are established in statute as a fixed percentage of educational costs. The percentage varies according to type of student and type of institution attended. Building fees are fixed at a dollar amount in statute.

Part III: Employment Relations

The higher education personnel law is administered by the Higher Education Personnel Board (HEPB). The HEPB is responsible for civil service rules, classification for all higher education classified personnel, and collective bargaining procedures for classified personnel. Classified employees have the right to collectively bargain on grievance procedures and personnel matters over which the institution may "lawfully exercise discretion." Because the higher education personnel law administered by the HEPB provides rules for most major personnel functions, collective bargaining is limited. HEPB is paid for by

charges to each institution against the salary base of classified employees.

Certain employees in higher education are exempt from civil service. Exempt employees include faculty, heads of administrative or academic divisions and their principal assistants, and employees involved in research, counseling, continuing education, and graphic arts.

The Public Employment Relations Commission is responsible for the administration of state collective bargaining statutes that cover many public employees, such as employees of cities, counties, municipal corporations, and political subdivisions; public school teachers; academic employees of community colleges; public utility districts; port district employees; and the Washington State Patrol.

Summary of Substitute Bill:

Part I: Purchasing, Printing and Construction Authority

Institutions may choose to manage competitive purchasing procedures independent of the Department of General Administration for a commodity or group of commodities. Purchasing policies established independently by institutions must comply with statutes regarding: minority and women's business enterprises; personal services contracts; employee expenses; leases; competitive bidding; equipment inventory requirements; acceptance of gifts by persons making purchasing decisions; purchases from inmate programs; energy conservation requirements for leases; in-state vendor preferences; and state-owned motor vehicles. If an institution can demonstrate to the Office of Financial Management that the costs of compliance are greater than the benefits, then it shall be exempted from requirements for: purchases from inmate programs; energy conservation requirements for leases; or clean fuel vehicles. Community and technical colleges must continue to purchase engineering and architectural services from the Department of General Administration. Institutions must continue to participate in the state's Risk Management Program, except for the University of Washington which does not currently participate. The institutions are required to develop property disposition policies that are consistent with those of the Department of General Administration.

The requirement to use a formal sealed bid process is raised from \$6,000 to \$15,000 for institutions of higher education. Limits are to be adjusted biennially for inflation by the Office of Financial Management.

Institutions may choose to perform or contract printing jobs independent of the public printer. If institutions contract with the public printer through an interlocal agreement, the 5 percent handling charges do not apply. Institutions are required to develop vendor selection procedures comparable to those used by the public printer.

Community and technical colleges may use their own employees for construction projects costing up to \$25,000 for multiple-trade projects, and \$10,000 for single-trade projects.

Four-year institutions, and the Department of General Administration for construction projects at community and technical colleges, may use a small works roster for construction projects costing up to \$100,000.

Part II: Tuition Authority

Institutions are required to deposit operating fees in a local account containing only operating fees revenue and related interest. The local accounts are not subject to appropriation by the Legislature.

The building fee is changed from a fixed amount to a percentage of total tuition. The percentages reflect what percent the 1992-93 fixed dollar building fee amounts are of tuition.

Part III: Employment Relations

The responsibility to administer collective bargaining procedures for classified higher education employees, regardless of whether they are covered by civil service, is transferred from the Higher Education Personnel Board to the Public Employees Relations Commission (PERC), including jurisdiction over cases in progress. Bargaining units in existence on the date of transfer under HEPB will be recognized by PERC. The scope of bargaining will be limited by civil service provisions unless a campus bargaining unit and institution management, through mutual agreement, choose to opt out of civil service. Employee relations with units that opt out are wholly governed by the terms of the collective bargaining agreement; however, the scope of bargaining excludes health or retirement benefits. The Higher Education Personnel Board (HEPB) continues to administer the civil service system for employees who do not opt out.

Compensation for employees who opt out is appropriated by the Legislature the same as for employees still covered by civil service. If a bargained agreement includes salary

increases beyond those authorized by the Legislature, the salary base used to calculate future legislative increases may not include these additional increases.

New categories of personnel are made statutorily exempt from civil service, including managerial/professional employees with substantial responsibility for: (1) directing or controlling program operations; (2) formulating institution policy; or (3) carrying out personnel functions, legislative relations, public information, and audits.

HEPB charges to institutions will continue to be based on a classified employee salary base that includes any employees who opt out of civil service for a period of six months. After the six months, the budget of the HEPB will be reduced to reflect the loss of revenue.

Substitute Bill Compared to Original Bill: References to statutes in RCW 43.19 that institutions must continue to comply with are added. A provision is added making institutions exempt from statutes regarding: purchasing from inmate programs; energy conservation requirements for leases; and state-owned motor vehicles if they can demonstrate to the Office of Financial Management that the costs of compliance are greater than the benefits. Requirements are added for the institutions to have property disposition policies that are consistent with the policies of the Department of General Administration, and vendor selection procedures for printing jobs that are comparable to those used by the public printer. Bid limits for construction projects that can be done by institutional employees are returned to current law for four-year institutions. For community and technical colleges, the limit for multiple-trade construction projects is changed to \$25,000, and a limit of \$10,000 is added for single-trade construction projects. Provisions for the construction limits to be adjusted for inflation are deleted. Tuition rate setting authority for institutional governing boards is deleted. Building fee percentages are corrected to reflect the 1992-93 percentages.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 1993.

Testimony For: Making the laws less bureaucratic is a move toward decentralized decision making and will save the colleges and universities considerable money. College construction projects will be more timely and efficient without time-consuming and costly bid restrictions. Private sector principles are applied to the public sector by

changing the incentives. Colleges are given more opportunity to enroll students, manage locally, and contract with small and local businesses. The collective bargaining option for classified employees is unique in that it provides an option to bargain and leave civil service. This is a civil service reform measure in which there is no overlap between civil service and collective bargaining.

Testimony Against: Delegation of tuition setting authority to institutions is disruptive and potentially undermines the philosophy of public institutions. Regental tuition setting authority without a requirement to raise financial aid is contrary to the legislative goal of access to higher education. Regental tuition setting authority that may set rates differently depending on future income is unfair. Students on financial aid will not be able to get increased aid because aid decisions are made in the spring, and tuition rates will be set later.

Witnesses: Tallman Trask, University of Washington (pro); Sallie Giffen, Washington State University (pro); Earl Hale and Phil Hayes, Community and Technical Colleges (pro); Ken Gamon, Council of Faculty Representatives (pro); Jim Sainsbury, Higher Education Coordinating Board (pro); Bob Edie, University of Washington (pro); Susan Johnson, Service Employees Union International (pro); Wendy Rader-Konofalski, Washington Federation of Teachers (pro); Eugene St. John, Washington Public Employees Association (pro with reservations); Keith Boyd, Caroleen Dineen, Alicia Higham, and Karen Turner, Washington Student Lobby (pro with concerns); and Mark W. Sherman, Academic Common Market (con section 11).