

HOUSE BILL REPORT

HB 1400

As Reported by House Committee On: Higher Education

Title: An act relating to increasing transparency in higher education by requiring certain budgeting information to be available online.

Brief Description: Increasing transparency in higher education by requiring budgeting information to be available online.

Sponsors: Representatives Haler, Pollet, Zeiger, Van Werven, Bergquist, Stambaugh, Buys, Hargrove, Muri, Condotta and Tharinger.

Brief History:

Committee Activity:

Higher Education: 2/3/15, 2/20/15 [DPS].

Brief Summary of Substitute Bill

- Requires the Education Research and Data Center (ERDC) to post the college, school, or department-level actual expenditure records submitted by each institution, beginning October 1, 2015.
- Requires each institution to submit the college, school, or department-level records of actual expenditures made from general operating funds and designated operating funds to the ERDC within 90 days of each institution's adoption of its annual fiscal year budget.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Hansen, Chair; Pollet, Vice Chair; Zeiger, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Bergquist, Gregory, Hargrove, Holy, Stambaugh, Tarleton and Van Werven.

Minority Report: Without recommendation. Signed by 2 members: Representatives Reykdal and Sells.

Staff: Megan Wargacki (786-7194).

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.

Background:

In Washington, the institutions of higher education are the state universities, the regional universities, the state colleges, the community colleges, and the technical colleges. These public four-year institutions and the State Board for Community and Technical Colleges are required to work with the Education Research and Data Center (ERDC) to develop data-sharing and research agreements to facilitate the work of the ERDC.

The ERDC, in the Office of Financial Management, conducts analysis of higher education programs and education issues, in general. The ERDC maintains an online dashboard that displays information for each public four-year institution of higher education, such as data on enrollment, progression, gradation, and other metrics.

The ERDC also posts higher education finance reports online. The data in these reports comes from information submitted by the institutions to the United States Department of Education's Integrated Postsecondary Education Data System (IPEDS). Only institutions that participate in federal financial aid programs are required to submit data. In Washington, about 125 institutions, including private institutions, report annually to the IPEDS. The published finance reports include revenue and expenditure information, but not to the department-level.

Summary of Substitute Bill:

The ERDC must post the college, school, or department-level actual expenditure records submitted by each institution. The records must be posted beginning October 1, 2015. Each institution must submit its actual expenditure records to the ERDC within 90 days of each institution's adoption of its annual fiscal year budget. The term "actual expenditure records" means the college, school, or department-level records of actual expenditures made from general operating funds and designated operating funds

Substitute Bill Compared to Original Bill:

The ERDC must post the college, school, or department-level actual expenditure records submitted by each institution, rather than department-level budgets obtained by the ERDC. The records must be posted beginning October 1, 2015. Each institution must submit its actual expenditure records to the ERDC within 90 days of each institution's adoption of its annual fiscal year budget, rather than requiring the ERDC to obtain certain information and post it 60 days after the institution's adoption of its annual budget. The term "actual expenditure records" means the college, school, or department-level records of actual expenditures made from general operating funds and designated operating funds.

Appropriation: None.**Fiscal Note:** Available. New fiscal note requested on February 20, 2015.

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) There needs to be more transparency in higher education about where the money is going. This bill should help students and their parents make good choices as consumers of the state's higher education system. This bill is good because it gives students and families a better idea of what the budgeting and expenditures are for the various departments and majors. This bill creates full transparency for the budget shifts that occur over the course of the year, so students can see where their program's money is going. This will cause departments to stick with their proposed budgets, and this is an important consideration.

(With concerns) This bill will be expensive to implement without getting the kind of transparency the bill strives for. Some universities have 900 departments and some have no departments. None of the departments are administered centrally, so the bill will require a labor intensive effort to collect and review the required data. A departmental budget is not just a smaller version of the university budget. What is funded at that level is different from department to department, so it makes it difficult to compare them. For example, in a large department at a large university, advising might be found in their budget, but for a smaller department at a smaller college, advising is often found in the university budget. Department budgets also include a very fluid mix of resources and are not always an accurate picture of what actual expenditures might be. Some funds are delivered at multiple points throughout the year, rather than budgeted at the departmental level at the beginning of a year. There are concerns about providing consistent and reliable data, and the usefulness of the data in making policy decisions is important to consider. Some budget information is already publicly available.

(Opposed) None.

Persons Testifying: (In support) Representative Haler, prime sponsor; Rowland Thompson, Allied Daily Newspapers.

(With concerns) Chris Mulick, Washington State University; and Cody Eccles, Council of Presidents.

Persons Signed In To Testify But Not Testifying: None.