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**2SHB 2158** - H AMD **857**

By Representative Kraft

**NOT ADOPTED 04/26/2019**

 On page 83, after line 31, insert the following:

 "**HIGHER EDUCATION TRANSPARENCY**

 NEW SECTION. **Sec. 74.** (1) The Washington state institute for public policy shall conduct a study of higher education costs and endowment funds at the state universities, regional universities, and The Evergreen State College.

(2)(a) The study must describe the cost drivers for each institution and the cost drivers for students over the most recent thirty-year period for which data is available, including the cost of:

(i) Research;

(ii) Faculty and staff salaries;

(iii) Administration;

(iv) Health care and benefits;

(v) Capital;

(vi) Student services;

(vii) Textbooks; and

(viii) Student housing.

(b) The study must also compare these cost drivers to the cost drivers for institutions and students in other comparable states, where information is available.

(3) The study must also address how the state universities, regional universities, and The Evergreen State College use endowment funds and the current levels of each institutions' endowment.

(4) The Washington state institute for public policy shall issue a report of its findings to the appropriate committees of the legislature by November 1, 2020.

(5) This section expires July 1, 2021.

NEW SECTION. **Sec. 75.** A new section is added to chapter 28C.18 RCW to read as follows:

(1) The board shall make detailed statistical summaries of student-level data authorized under section 22 of this act accessible and easy to navigate through the board's career bridge web site for the purpose of providing information to the public on the costs and outcomes of all Washington postsecondary institutions programs. On its career bridge web site, the board shall use the following to evaluate the performance of all postsecondary institutions programs offered in the state:

(a) Student-level data;

(b) Employment rates and industry of employment;

(c) Earnings of recent graduates;

(d) Student graduation rates;

(e) Information on industries where students work after graduating;

(f) Demographic characteristics of students enrolled in specific programs;

(g) Loan indebtedness; and

(h) Any other indicators deemed appropriate and necessary to compare postsecondary programs.

(2) The board's career bridge web site must link postsecondary program data with labor market and occupation data. In addition to providing information under subsection (1) of this section about the performance of postsecondary programs, the board's career bridge web site must, at a minimum, and in an easy-to-navigate format:

(a) Display labor market data for the state;

(b) Display labor market data for workforce development regions;

(c) Link labor market data to postsecondary program information, including outcomes; and

(d) Provide potential job seekers information about the most in-demand careers and appropriate levels of education for the state and by region.

(3) For the purposes of this section:

(a) "Postsecondary institution" means an institution of higher education as defined in RCW 28B.10.016, a degree-granting institution as defined in RCW 28B.85.010, a private vocational school as defined in RCW 28C.10.020, and a school as defined in RCW 18.16.020.

(b) "Program" means a sequence of approved subjects offered by a postsecondary institution that teaches skills and fundamental knowledge required for a degree, certificate, or other credential and is identified by a classification of instructional program code.

**Sec. 76.** RCW 43.41.400 and 2017 3rd sp.s. c 6 s 223 are each amended to read as follows:

(1) An education data center shall be established in the office of financial management. The education data center shall jointly, with the legislative evaluation and accountability program committee, conduct collaborative analyses of early learning, K-12, and higher education programs and education issues across the P-20 system, which includes the department of children, youth, and families, the superintendent of public instruction, the professional educator standards board, the state board of education, the state board for community and technical colleges, the workforce training and education coordinating board, the student achievement council, public and private nonprofit four-year institutions of higher education, and the employment security department. The education data center shall conduct collaborative analyses under this section with the legislative evaluation and accountability program committee and provide data electronically to the legislative evaluation and accountability program committee, to the extent permitted by state and federal confidentiality requirements. The education data center shall be considered an authorized representative of the state educational agencies in this section under applicable federal and state statutes for purposes of accessing and compiling student record data for research purposes.

(2) The education data center shall:

(a) In consultation with the legislative evaluation and accountability program committee and the agencies and organizations participating in the education data center, identify the critical research and policy questions that are intended to be addressed by the education data center and the data needed to address the questions;

(b) Coordinate with other state education agencies to compile and analyze education data, including data on student demographics that is disaggregated by distinct ethnic categories within racial subgroups, and complete P-20 research projects;

(c) Collaborate with the legislative evaluation and accountability program committee and the education and fiscal committees of the legislature in identifying the data to be compiled and analyzed to ensure that legislative interests are served;

(d) Annually provide to the K-12 data governance group a list of data elements and data quality improvements that are necessary to answer the research and policy questions identified by the education data center and have been identified by the legislative committees in (c) of this subsection. Within three months of receiving the list, the K-12 data governance group shall develop and transmit to the education data center a feasibility analysis of obtaining or improving the data, including the steps required, estimated time frame, and the financial and other resources that would be required. Based on the analysis, the education data center shall submit, if necessary, a recommendation to the legislature regarding any statutory changes or resources that would be needed to collect or improve the data;

(e) Monitor and evaluate the education data collection systems of the organizations and agencies represented in the education data center ensuring that data systems are flexible, able to adapt to evolving needs for information, and to the extent feasible and necessary, include data that are needed to conduct the analyses and provide answers to the research and policy questions identified in (a) of this subsection;

(f) Track enrollment and outcomes through the public centralized higher education enrollment system;

(g) Assist other state educational agencies' collaborative efforts to develop a long-range enrollment plan for higher education including estimates to meet demographic and workforce needs;

(h) Support the workforce training and education coordinating board in evaluating and making public the performance of postsecondary education programs;

(i) Provide research that focuses on student transitions within and among the early learning, K-12, and higher education sectors in the P-20 system;

((~~(i)~~)) (j) Prepare a regular report on the educational and workforce outcomes of youth in the juvenile justice system, using data disaggregated by age, and by ethnic categories and racial subgroups in accordance with RCW 28A.300.042; and

((~~(j)~~)) (k) Make recommendations to the legislature as necessary to help ensure the goals and objectives of this section and RCW 28A.655.210 and 28A.300.507 are met.

(3) The department of children, youth, and families, superintendent of public instruction, professional educator standards board, state board of education, state board for community and technical colleges, workforce training and education coordinating board, student achievement council, public four-year institutions of higher education, department of social and health services, and employment security department shall work with the education data center to develop data-sharing and research agreements, consistent with applicable security and confidentiality requirements, to facilitate the work of the center. The education data center shall also develop data-sharing and research agreements with the administrative office of the courts to conduct research on educational and workforce outcomes using data maintained under RCW 13.50.010(12) related to juveniles. Private, nonprofit institutions of higher education that provide programs of education beyond the high school level leading at least to the baccalaureate degree and are accredited by the Northwest association of schools and colleges or their peer accreditation bodies may also develop data-sharing and research agreements with the education data center, consistent with applicable security and confidentiality requirements. The education data center shall make data from collaborative analyses available to the education agencies and institutions that contribute data to the education data center to the extent allowed by federal and state security and confidentiality requirements applicable to the data of each contributing agency or institution.

NEW SECTION. **Sec. 77.** A new section is added to chapter 82.32 RCW to read as follows:

For the purposes of the workforce training and education coordinating board implementing section 75 of this act and RCW 43.41.400, and to improve the accuracy of other federal and state performance reporting, the department shall work with the workforce training and education coordinating board to use available tax records for addressing the gap in data for self-employed individuals. Data shared by the department under any data-sharing agreement entered into under this section remains privileged and confidential and exempt from disclosure under the public records act, chapter 42.56 RCW.

NEW SECTION. **Sec. 78.** A new section is added to chapter 18.16 RCW to read as follows:

The department shall cooperate with the workforce training and education coordinating board's responsibilities under section 75 of this act and shall provide information and data in a format that is accessible to the workforce training and education coordinating board.

NEW SECTION. **Sec. 79.** A new section is added to chapter 28B.10 RCW to read as follows:

(1)(a) Beginning in the fiscal year ending June 30, 2020, institutions of higher education shall report to the accounting system under RCW 43.88.160(1) according to the standards and procedures required under RCW 43.88.160(5) for all public funds as defined in RCW 43.88.020.

(b) An institution of higher education may receive a waiver from complying with (a) of this subsection for the fiscal year ending June 30, 2020, if the waiver is approved by the director of financial management.

(c) Beginning in the fiscal year ending June 30, 2021, no institution of higher education may receive a waiver from complying with (a) of this subsection.

(2) Institutions of higher education must not:

(a) Deposit or expend any moneys from the general fund into another account in the custody of the state treasurer or located outside the treasury; or

(b) Use any check, warrant, journal voucher, or transfer of moneys from the general fund to allocate costs or reimburse expenditures made from another account in the custody of the state treasurer or located outside the treasury.

**Sec. 80.** RCW 43.88.160 and 2015 3rd sp.s. c 1 s 303 and 2015 3rd sp.s. c 1 s 109 are each reenacted and amended to read as follows:

This section sets forth the major fiscal duties and responsibilities of officers and agencies of the executive branch. The regulations issued by the governor pursuant to this chapter shall provide for a comprehensive, orderly basis for fiscal management and control, including efficient accounting and reporting therefor, for the executive branch of the state government and may include, in addition, such requirements as will generally promote more efficient public management in the state.

(1) Governor; director of financial management. The governor, through the director of financial management, shall devise and supervise a modern and complete accounting system for each agency to the end that all revenues, expenditures, receipts, disbursements, resources, and obligations of the state shall be properly and systematically accounted for. The accounting system shall include the development of accurate, timely records and reports of all financial affairs of the state. The system shall also provide for central accounts in the office of financial management at the level of detail deemed necessary by the director to perform central financial management. The director of financial management shall adopt and periodically update an accounting procedures manual. Any agency maintaining its own accounting and reporting system shall comply with the updated accounting procedures manual and the rules of the director adopted under this chapter. An agency may receive a waiver from complying with this requirement if the waiver is approved by the director. Waivers expire at the end of the fiscal biennium for which they are granted. The director shall forward notice of waivers granted to the appropriate legislative fiscal committees. The director of financial management may require such financial, statistical, and other reports as the director deems necessary from all agencies covering any period.

(2) Except as provided in chapter 43.88C RCW, the director of financial management is responsible for quarterly reporting of primary operating budget drivers such as applicable workloads, caseload estimates, and appropriate unit cost data. These reports shall be transmitted to the legislative fiscal committees or by electronic means to the legislative evaluation and accountability program committee. Quarterly reports shall include actual monthly data and the variance between actual and estimated data to date. The reports shall also include estimates of these items for the remainder of the budget period.

(3) The director of financial management shall report at least annually to the appropriate legislative committees regarding the status of all appropriated capital projects, including transportation projects, showing significant cost overruns or underruns. If funds are shifted from one project to another, the office of financial management shall also reflect this in the annual variance report. Once a project is complete, the report shall provide a final summary showing estimated start and completion dates of each project phase compared to actual dates, estimated costs of each project phase compared to actual costs, and whether or not there are any outstanding liabilities or unsettled claims at the time of completion.

(4) In addition, the director of financial management, as agent of the governor, shall:

(a) Develop and maintain a system of internal controls and internal audits comprising methods and procedures to be adopted by each agency that will safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies for accounting and financial controls. The system developed by the director shall include criteria for determining the scope and comprehensiveness of internal controls required by classes of agencies, depending on the level of resources at risk.

(i) For those agencies that the director determines internal audit is required, the agency head or authorized designee shall be assigned the responsibility and authority for establishing and maintaining internal audits following professional audit standards including generally accepted government auditing standards or standards adopted by the institute of internal auditors, or both.

(ii) For those agencies that the director determines internal audit is not required, the agency head or authorized designee may establish and maintain internal audits following professional audit standards including generally accepted government auditing standards or standards adopted by the institute of internal auditors, or both, but at a minimum must comply with policies as established by the director to assess the effectiveness of the agency's systems of internal controls and risk management processes;

(b) Make surveys and analyses of agencies with the object of determining better methods and increased effectiveness in the use of manpower and materials; and the director shall authorize expenditures for employee training to the end that the state may benefit from training facilities made available to state employees;

(c) Establish policies for allowing the contracting of child care services;

(d) Report to the governor with regard to duplication of effort or lack of coordination among agencies;

(e) Review any pay and classification plans, and changes thereunder, developed by any agency for their fiscal impact: PROVIDED, That none of the provisions of this subsection shall affect merit systems of personnel management now existing or hereafter established by statute relating to the fixing of qualifications requirements for recruitment, appointment, or promotion of employees of any agency. The director shall advise and confer with agencies including appropriate standing committees of the legislature as may be designated by the speaker of the house and the president of the senate regarding the fiscal impact of such plans and may amend or alter the plans, except that for the following agencies no amendment or alteration of the plans may be made without the approval of the agency concerned: Agencies headed by elective officials;

(f) Fix the number and classes of positions or authorized employee years of employment for each agency and during the fiscal period amend the determinations previously fixed by the director except that the director shall not be empowered to fix the number or the classes for the following: Agencies headed by elective officials;

(g) Adopt rules to effectuate provisions contained in (a) through (f) of this subsection.

(5) The office of financial management and institutions of higher education as defined in RCW 28B.10.016 shall update the accounting procedures manual under subsection (1) of this section to include appropriate standards and procedures to allow institutions of higher education to report to the accounting system under subsection (1) of this section information of interest to the legislature. The office of financial management shall notify the fiscal committees of the legislature of these standards and procedures and any future updates. The standards and procedures must allow, at a minimum, institutions of higher education to report detail in the following areas:

(a) Spending and staffing levels for different types of faculty, including part-time and adjunct faculty;

(b) Spending by campus and department;

(c) Spending by degree program as defined by the classification of instructional programs;

(d) Tuition revenue by campus, student residency status, and tuition type;

(e) Revenue and spending for auxiliary activities such as housing, dining, and intercollegiate athletics;

(f) Spending and forgone revenue for financial aid and tuition waivers by award type;

(g) Spending on information technology consistent with the office of the chief information officer policies on technology business management; and

(h) Revenue and spending of student fees by type.

(6) The treasurer shall:

(a) Receive, keep, and disburse all public funds of the state not expressly required by law to be received, kept, and disbursed by some other persons: PROVIDED, That this subsection shall not apply to those public funds of the institutions of higher learning which are not subject to appropriation;

(b) Receive, disburse, or transfer public funds under the treasurer's supervision or custody;

(c) Keep a correct and current account of all moneys received and disbursed by the treasurer, classified by fund or account;

(d) Coordinate agencies' acceptance and use of credit cards and other payment methods, if the agencies have received authorization under RCW 43.41.180;

(e) Perform such other duties as may be required by law or by regulations issued pursuant to this law.

It shall be unlawful for the treasurer to disburse public funds in the treasury except upon forms or by alternative means duly prescribed by the director of financial management. These forms or alternative means shall provide for authentication and certification by the agency head or the agency head's designee that the services have been rendered or the materials have been furnished; or, in the case of loans or grants, that the loans or grants are authorized by law; or, in the case of payments for periodic maintenance services to be performed on state owned equipment, that a written contract for such periodic maintenance services is currently in effect; and the treasurer shall not be liable under the treasurer's surety bond for erroneous or improper payments so made. When services are lawfully paid for in advance of full performance by any private individual or business entity other than equipment maintenance providers or as provided for by RCW 42.24.035, such individual or entity other than central stores rendering such services shall make a cash deposit or furnish surety bond coverage to the state as shall be fixed in an amount by law, or if not fixed by law, then in such amounts as shall be fixed by the director of the department of enterprise services but in no case shall such required cash deposit or surety bond be less than an amount which will fully indemnify the state against any and all losses on account of breach of promise to fully perform such services. No payments shall be made in advance for any equipment maintenance services to be performed more than twelve months after such payment except that institutions of higher education as defined in RCW 28B.10.016 and the consolidated technology services agency created in RCW 43.105.006 may make payments in advance for equipment maintenance services to be performed up to sixty months after such payment. Any such bond so furnished shall be conditioned that the person, firm or corporation receiving the advance payment will apply it toward performance of the contract. The responsibility for recovery of erroneous or improper payments made under this section shall lie with the agency head or the agency head's designee in accordance with rules issued pursuant to this chapter. Nothing in this section shall be construed to permit a public body to advance funds to a private service provider pursuant to a grant or loan before services have been rendered or material furnished.

((~~(6)~~)) (7) The state auditor shall:

(a) Report to the legislature the results of current post audits that have been made of the financial transactions of each agency; to this end the auditor may, in the auditor's discretion, examine the books and accounts of any agency, official, or employee charged with the receipt, custody, or safekeeping of public funds. Where feasible in conducting examinations, the auditor shall utilize data and findings from the internal control system prescribed by the office of financial management. The current post audit of each agency may include a section on recommendations to the legislature as provided in (c) of this subsection.

(b) Give information to the legislature, whenever required, upon any subject relating to the financial affairs of the state.

(c) Make the auditor's official report on or before the thirty-first of December which precedes the meeting of the legislature. The report shall be for the last complete fiscal period and shall include determinations as to whether agencies, in making expenditures, complied with the laws of this state. The state auditor is authorized to perform or participate in performance verifications and performance audits as expressly authorized by the legislature in the omnibus biennial appropriations acts or in the performance audit work plan approved by the joint legislative audit and review committee. The state auditor, upon completing an audit for legal and financial compliance under chapter 43.09 RCW or a performance verification, may report to the joint legislative audit and review committee or other appropriate committees of the legislature, in a manner prescribed by the joint legislative audit and review committee, on facts relating to the management or performance of governmental programs where such facts are discovered incidental to the legal and financial audit or performance verification. The auditor may make such a report to a legislative committee only if the auditor has determined that the agency has been given an opportunity and has failed to resolve the management or performance issues raised by the auditor. If the auditor makes a report to a legislative committee, the agency may submit to the committee a response to the report. This subsection ((~~(6)~~)) (7) shall not be construed to authorize the auditor to allocate other than de minimis resources to performance audits except as expressly authorized in the appropriations acts or in the performance audit work plan. The results of a performance audit conducted by the state auditor that has been requested by the joint legislative audit and review committee must only be transmitted to the joint legislative audit and review committee.

(d) Be empowered to take exception to specific expenditures that have been incurred by any agency or to take exception to other practices related in any way to the agency's financial transactions and to cause such exceptions to be made a matter of public record, including disclosure to the agency concerned and to the director of financial management. It shall be the duty of the director of financial management to cause corrective action to be taken within six months, such action to include, as appropriate, the withholding of funds as provided in RCW 43.88.110. The director of financial management shall annually report by December 31st the status of audit resolution to the appropriate committees of the legislature, the state auditor, and the attorney general. The director of financial management shall include in the audit resolution report actions taken as a result of an audit including, but not limited to, types of personnel actions, costs and types of litigation, and value of recouped goods or services.

(e) Promptly report any irregularities to the attorney general.

(f) Investigate improper governmental activity under chapter 42.40 RCW.

(g) Audit the information reported by institutions of higher education under section 79 of this act for completeness and accuracy.

In addition to the authority given to the state auditor in this subsection ((~~(6)~~)) (7), the state auditor is authorized to conduct performance audits identified in RCW 43.09.470. Nothing in this subsection ((~~(6)~~)) (7) shall limit, impede, or restrict the state auditor from conducting performance audits identified in RCW 43.09.470.

((~~(7)~~)) (8) The joint legislative audit and review committee may:

(a) Make post audits of the financial transactions of any agency and management surveys and program reviews as provided for in chapter 44.28 RCW as well as performance audits and program evaluations. To this end the joint committee may in its discretion examine the books, accounts, and other records of any agency, official, or employee.

(b) Give information to the legislature or any legislative committee whenever required upon any subject relating to the performance and management of state agencies.

(c) Make a report to the legislature which shall include at least the following:

(i) Determinations as to the extent to which agencies in making expenditures have complied with the will of the legislature and in this connection, may take exception to specific expenditures or financial practices of any agencies; and

(ii) Such plans as it deems expedient for the support of the state's credit, for lessening expenditures, for promoting frugality and economy in agency affairs, and generally for an improved level of fiscal management."

 Renumber the remaining sections consecutively and correct any internal references accordingly.

Correct the title.

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|  |  EFFECT:   * Requires the Washington State Institute for Public Policy to study higher education cost drivers, including information on endowments and administration, and submit a report to the Legislature by November 1, 2020.
* Requires the Workforce Training and Education Coordinating Board to use the student-level data provided by the higher education institutions participating in the Washington College Grant program to make detailed statistical summaries on the Career Bridge website.
* Requires the Education Data Center to support the Workforce Training and Education Coordinating Board in evaluating and making public the performance of postsecondary education programs.
* Requires the institutions of higher education to report to the state accounting system for all public funds beginning in the fiscal year ending June 30, 2020.
* Requires the Office of Financial Management and the institutions of higher education to update the accounting procedures manual to allow the institutions of higher education to report to the state accounting system.
* Requires the State Auditor to audit the information reported by the institutions of higher education.
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