

1 **SSB 5325** -H AMDS TO H COMM AMD(H2753.1)793 ADOPTED 4/12/95

2 By Representative Jacobsen

3 On page 3, line 9, after "categories." insert "During the  
4 1997-98 through 2000-01 academic years, a research university  
5 participating in the fiscal autonomy program under section 301 of  
6 this act may increase base tuition fees for any student category up  
7 to a maximum of fifteen percent each year."

8  
9 On page 4, line 38, after "categories." insert "During the  
10 1997-98 through 2000-01 academic years, a regional university  
11 participating in the fiscal autonomy program under section 301 of  
12 this act may increase base tuition fees for any student category up  
13 to a maximum of fifteen percent each year."

14  
15 On page 12, line 18, after "act" insert ", minus the amount of  
16 revenue collected from raising base tuition fees above the level  
17 specified in sections 102(1) and 103(1) of this act by institutions  
18 participating in the fiscal autonomy pilot program under section  
19 301 of this act,"

20  
21 On page 12, line 27, after "28B.15.910;" strike "and"

22  
23 On page 12, line 30, after "act" strike "." and insert "; and"

24  
25 On page 12, after line 30, insert the following subsection:

26 "(5) The general fund state appropriation shall not be reduced  
27 by the amount of revenue collected from raising base tuition fees  
28 above the level specified in sections 102(1) and 103(1) of this act  
29 by institutions participating in the fiscal autonomy pilot program  
30 under section 301 of this act."

1 On page 19, after line 37, insert the following:

2 **"PART 3 - INSTITUTIONAL FISCAL AUTONOMY**

3 NEW SECTION. **Sec. 301.** A new section is added to chapter  
4 28B.80 RCW to read as follows:

5 The higher education coordinating board shall design and  
6 administer a higher education fiscal autonomy pilot program. In  
7 its administration of the pilot program, the board shall have the  
8 following powers and duties:

9 (1) In consultation with institutions of higher education and  
10 appropriate state agencies, identify state laws and rules that may  
11 inhibit effective fiscal decisions by institutions of higher  
12 education.

13 (2) Select one research and one regional university to  
14 participate in the pilot program.

15 (3) Work with state agencies to exempt participating  
16 institutions from state rules that inhibit effective fiscal  
17 decisions.

18 (4) By December 1, 1996, report to the governor and  
19 appropriate legislative committees with a preliminary report on the  
20 progress of the pilot program and with a list of state laws and  
21 rules that may need to be revised in order to encourage effective  
22 fiscal decisions by institutions of higher education.

23 (5) This section shall expire on June 30, 2001.

24

25 **Sec. 302.** RCW 43.10.19054 and 1975-'76 2nd ex.s. c 21 s 7 are  
26 each amended to read as follows:

27 The provisions of RCW 43.19.1905 shall not apply to materials,  
28 supplies, and equipment purchased for resale to other than public  
29 agencies by state agencies, including educational institutions. In  
30 addition, RCW 43.19.1905 shall not apply to purchases by  
31 institutions of higher education participating in the fiscal  
32 autonomy pilot program under section 301 of this act or liquor

1 purchased by the state for resale under the provisions of Title 66  
2 RCW.

3  
4 **Sec. 303.** RCW 41.06.382 and 1979 ex.s. c 46 s 1 are each  
5 amended to read as follows:

6 (1) Nothing contained in this chapter shall prohibit any  
7 institution of higher education, as defined in RCW 28B.10.016, or  
8 related board from purchasing services by contract with individuals  
9 or business entities if such services were regularly purchased by  
10 valid contract at such institution prior to April 23, 1979:  
11 PROVIDED, That except as provided in subsection (2) of this  
12 section, no such contract may be executed or renewed if it would  
13 have the effect of terminating classified employees or classified  
14 employee positions existing at the time of the execution or renewal  
15 of the contract.

16 (2) An institution of higher education participating in the  
17 fiscal autonomy pilot program under section 301 of this act may  
18 purchase services by contract with individuals or business entities  
19 if the contract would not result in increased expenditures of  
20 public funds for the contracted service and if the contract would  
21 not result in the termination of classified employees employed at  
22 the institution on the effective date of this act.

23  
24 **Sec. 304.** RCW 43.88.110 and 1991 sp.s. c 32 s 27 and 1991 c  
25 358 s 2 are each reenacted and amended to read as follows:

26 This section sets forth the expenditure programs and the  
27 allotment and reserve procedures to be followed by the executive  
28 branch for public funds.

29 (1) Allotments of an appropriation for any fiscal period shall  
30 conform to the terms, limits, or conditions of the appropriation.

31 (2) The director of financial management shall provide all  
32 agencies with a complete set of operating and capital instructions  
33 for preparing a statement of proposed expenditures at least thirty

1 days before the beginning of a fiscal period. The set of  
2 instructions need not include specific appropriation amounts for  
3 the agency.

4 (3) Within forty-five days after the beginning of the fiscal  
5 period or within forty-five days after the governor signs the  
6 omnibus biennial appropriations act, whichever is later, all  
7 agencies shall submit to the governor a statement of proposed  
8 expenditures at such times and in such form as may be required by  
9 the governor.

10 (4) Except as provided in subsection (9) of this section, the  
11 office of financial management shall develop a method for  
12 monitoring capital appropriations and expenditures that will  
13 capture at least the following elements:

14 (a) Appropriations made for capital projects including  
15 transportation projects;

16 (b) Estimates of total project costs including past, current,  
17 ensuing, and future biennial costs;

18 (c) Comparisons of actual costs to estimated costs;

19 (d) Comparisons of estimated construction start and completion  
20 dates with actual dates;

21 (e) Documentation of fund shifts between projects.

22 This data may be incorporated into the existing accounting  
23 system or into a separate project management system, as deemed  
24 appropriate by the office of financial management.

25 (5) If at any time during the fiscal period the governor  
26 projects a cash deficit in a particular fund or account as defined  
27 by RCW 43.88.050, the governor shall make across-the-board  
28 reductions in allotments for that particular fund or account so as  
29 to prevent a cash deficit, unless the legislature has directed the  
30 liquidation of the cash deficit over one or more fiscal periods.  
31 Except for the legislative and judicial branches and other agencies  
32 headed by elective officials, the governor shall review the  
33 statement of proposed operating expenditures for reasonableness and

1 conformance with legislative intent. Once the governor approves  
2 the statements of proposed operating expenditures, further  
3 revisions shall be made only at the beginning of the second fiscal  
4 year and must be initiated by the governor. However, changes in  
5 appropriation level authorized by the legislature, changes required  
6 by across-the-board reductions mandated by the governor, changes  
7 caused by executive increases to spending authority, and changes  
8 caused by executive decreases to spending authority for failure to  
9 comply with the provisions of chapter 36.70A RCW may require  
10 additional revisions. Revisions shall not be made retroactively.  
11 Revisions caused by executive increases to spending authority shall  
12 not be made after June 30, 1987. However, the governor may assign  
13 to a reserve status any portion of an agency appropriation withheld  
14 as part of across-the-board reductions made by the governor and any  
15 portion of an agency appropriation conditioned on a contingent  
16 event by the appropriations act. The governor may remove these  
17 amounts from reserve status if the across-the-board reductions are  
18 subsequently modified or if the contingent event occurs. The  
19 director of financial management shall enter approved statements of  
20 proposed expenditures into the state budgeting, accounting, and  
21 reporting system within forty-five days after receipt of the  
22 proposed statements from the agencies. If an agency or the  
23 director of financial management is unable to meet these  
24 requirements, the director of financial management shall provide a  
25 timely explanation in writing to the legislative fiscal committees.

26 (6) Except as provided in subsection (9) of this section, it  
27 is expressly provided that all agencies shall be required to  
28 maintain accounting records and to report thereon in the manner  
29 prescribed in this chapter and under the regulations issued  
30 pursuant to this chapter. Within ninety days of the end of the  
31 fiscal year, all agencies shall submit to the director of financial  
32 management their final adjustments to close their books for the  
33 fiscal year. Prior to submitting fiscal data, written or oral, to

1 committees of the legislature, it is the responsibility of the  
2 agency submitting the data to reconcile it with the budget and  
3 accounting data reported by the agency to the director of financial  
4 management.

5 (7) Except as provided in subsection (9) of this section, the  
6 director of financial management shall monitor agency operating  
7 expenditures against the approved statement of proposed  
8 expenditures and shall provide the legislature with quarterly  
9 explanations of major variances.

10 (8) The director of financial management may exempt certain  
11 public funds from the allotment controls established under this  
12 chapter if it is not practical or necessary to allot the funds.  
13 With the exception of exemptions that may be granted to  
14 institutions of higher education that are participating in the  
15 fiscal autonomy pilot program under section 301 of this act,  
16 allotment control exemptions expire at the end of the fiscal  
17 biennium for which they are granted. The director of financial  
18 management shall report any exemptions granted under this  
19 subsection to the legislative fiscal committees.

20 (9) In consultation with the higher education coordinating  
21 board, the director of the office of financial management shall  
22 develop and implement a simplified allotment and reporting  
23 procedure for institutions of higher education participating in the  
24 fiscal autonomy pilot program under section 301 of this act."

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26 On page 20, line 23, strike "and 301 through 303" and insert  
27 "301 through 304, and 401 through 403"

28  
29 Renumber the remaining part and sections appropriately, and  
30 correct any internal references and the title accordingly.

**EFFECT:** The higher education coordinating board will design and administer a fiscal autonomy pilot program for one research and one regional university. The board will work with state agencies to identify rules and laws that inhibit effective fiscal decisions and to exempt participating institutions from those rules, where permitted by law. The board will present a preliminary report to the governor and appropriate legislative committees by December 1, 1996. Participating institutions may increase base tuition up to 15 percent per year during the 1997-99 and 1999-2001 bienniums. Participating institutions are exempt from state purchasing laws. They may contract for services if the contracts will not result in increased expenditures of state funds or the termination of state employees employed on the effective date of the act. The office of financial management will adopt simplified budgeting and allotment procedures for the participants. The pilot program expires on June 30, 2001.