
SECOND SUBSTITUTE HOUSE BILL 2585

State of Washington 62nd Legislature 2012 Regular Session

By House Education Appropriations & Oversight (originally sponsored by Representatives Springer, Haler, Eddy, Seaquist, and Zeiger)

READ FIRST TIME 02/06/12.

1 AN ACT Relating to creating efficiencies for institutions of higher
2 education; amending RCW 43.19.1906, 43.88.160, 41.06.157, 41.04.240,
3 and 28B.10.022; reenacting and amending RCW 39.29.011, 28B.10.029, and
4 39.94.040; and creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 43.19.1906 and 2011 1st sp.s. c 43 s 210 are each
7 amended to read as follows:

8 Insofar as practicable, all purchases and sales shall be based on
9 competitive bids, and a formal sealed, electronic, or web-based bid
10 procedure, subject to RCW 43.19.1911, shall be used as standard
11 procedure for all purchases and contracts for purchases and sales
12 executed by the director and under the powers granted by RCW 43.19.190
13 through 43.19.1939. This requirement also applies to purchases and
14 contracts for purchases and sales executed by agencies, including
15 educational institutions, under delegated authority granted in
16 accordance with provisions of RCW 43.19.190 or under RCW 28B.10.029.
17 However, formal sealed, electronic, or web-based competitive bidding is
18 not necessary for:

1 (1) Emergency purchases made pursuant to RCW 43.19.200 if the
2 sealed bidding procedure would prevent or hinder the emergency from
3 being met appropriately;

4 (2) Direct buy purchases and informal competitive bidding, as
5 designated by the director of enterprise services. The director of
6 enterprise services shall establish policies annually to define
7 criteria and dollar thresholds for direct buy purchases and informal
8 competitive bidding limits. These criteria may be adjusted to
9 accommodate special market conditions and to promote market diversity
10 for the benefit of the citizens of the state of Washington;

11 (3) Purchases which are clearly and legitimately limited to a
12 single source of supply and purchases involving special facilities,
13 services, or market conditions, in which instances the purchase price
14 may be best established by direct negotiation;

15 (4) Purchases of insurance and bonds by the risk management office
16 under RCW 43.19.769;

17 (5) Purchases and contracts for vocational rehabilitation clients
18 of the department of social and health services: PROVIDED, That this
19 exemption is effective only when the director of enterprise services,
20 after consultation with the director of the division of vocational
21 rehabilitation and appropriate department of social and health services
22 procurement personnel, declares that such purchases may be best
23 executed through direct negotiation with one or more suppliers in order
24 to expeditiously meet the special needs of the state's vocational
25 rehabilitation clients;

26 (6) Purchases by universities for hospital operation or biomedical
27 teaching or research purposes and by the director of enterprise
28 services, as the agent for state hospitals as defined in RCW 72.23.010,
29 and for health care programs provided in state correctional
30 institutions as defined in RCW 72.65.010(3) and veterans' institutions
31 as defined in RCW 72.36.010 and 72.36.070, made by participating in
32 contracts for materials, supplies, and equipment entered into by
33 nonprofit cooperative hospital group purchasing organizations;

34 (7) Purchases for resale by institutions of higher education to
35 other than public agencies when such purchases are for the express
36 purpose of supporting instructional programs and may best be executed
37 through direct negotiation with one or more suppliers in order to meet
38 the special needs of the institution;

1 (8) Purchases by institutions of higher education under RCW
2 43.19.190(2), direct buy purchases, and informal competitive bidding,
3 as designated by the director of enterprise services; ((and))

4 (9) Purchases by institutions of higher education less than one
5 hundred thousand dollars. However, for purchases of ten thousand
6 dollars or more and less than one hundred thousand dollars, quotations
7 must be secured from at least three vendors to assure establishment of
8 a competitive price and may be obtained by telephone or written
9 quotations, or both. For purchases of ten thousand dollars or more and
10 less than one hundred thousand dollars, each institution of higher
11 education must: Post the purchasing opportunity on the institution's
12 web site or the common vendor registration and bid notification system
13 for thirty days prior to an award or the minimum length of time
14 otherwise required for notices posted on the common vendor registration
15 and bid notification system; and invite at least one quotation each
16 from a certified minority and a certified woman-owned vendor that
17 otherwise qualifies to perform the work. A record of competition for
18 all such purchases of ten thousand dollars or more and less than one
19 hundred thousand dollars must be documented for audit purposes; and

20 (10) Off-contract purchases of Washington grown food when such food
21 is not available from Washington sources through an existing contract.
22 However, Washington grown food purchased under this subsection must be
23 of an equivalent or better quality than similar food available through
24 the contract and be able to be paid from the agency's existing budget.
25 This requirement also applies to purchases and contracts for purchases
26 executed by state agencies, including institutions of higher education,
27 under delegated authority granted in accordance with RCW 43.19.190 or
28 under RCW 28B.10.029.

29 ((Beginning on July 1, 1995, and on July 1st of each succeeding
30 odd-numbered year, the dollar limits specified in this section shall be
31 adjusted as follows: The office of financial management shall
32 calculate such limits by adjusting the previous biennium's limits by
33 the appropriate federal inflationary index reflecting the rate of
34 inflation for the previous biennium. Such amounts shall be rounded to
35 the nearest one hundred dollars.))

36 As used in this section, "Washington grown" has the definition in
37 RCW 15.64.060.

1 **Sec. 2.** RCW 39.29.011 and 2011 1st sp.s. c 43 s 522 and 2011 c 358
2 s 4 are each reenacted and amended to read as follows:

3 All personal service contracts shall be entered into pursuant to
4 competitive solicitation, except for:

5 (1) Emergency contracts;

6 (2) Sole source contracts;

7 (3) Contract amendments;

8 (4) Contracts of less than twenty thousand dollars between a
9 consultant and an agency (~~(of less than twenty thousand dollars)~~) other
10 than an institution of higher education as defined in RCW 28B.10.016.
11 However, contracts of five thousand dollars or greater but less than
12 ten thousand dollars shall have documented evidence of competition.
13 Contracts of ten thousand dollars or greater, but less than twenty
14 thousand dollars, shall have documented evidence of competition, which
15 must include agency posting of the contract opportunity on the state's
16 common vendor registration and bid notification system. Agencies shall
17 not structure contracts to evade these requirements;

18 (5) Contracts of less than one hundred thousand dollars between a
19 consultant and an institution of higher education as defined in RCW
20 28B.10.016. However, for contracts of ten thousand dollars or greater
21 but less than one hundred thousand dollars, institutions of higher
22 education must: Post the purchasing opportunity on the institution's
23 web site or the common vendor registration and bid notification system
24 for thirty days prior to an award or the minimum length of time
25 otherwise required for notices posted on the common vendor registration
26 and bid notification system; invite at least one quotation each from a
27 certified minority and a certified woman-owned vendor that otherwise
28 qualifies to do the work; and document evidence of competition.
29 ~~((Agencies))~~ Institutions shall not structure contracts to evade these
30 requirements; and

31 ~~((+5))~~ (6) Other specific contracts or classes or groups of
32 contracts exempted from the competitive solicitation process by the
33 director of the department of enterprise services when it has been
34 determined that a competitive solicitation process is not appropriate
35 or cost-effective.

36 **Sec. 3.** RCW 43.88.160 and 2006 c 1 s 6 are each amended to read as
37 follows:

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

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

31 (2) Except as provided in chapter 43.88C RCW, the director of
32 financial management is responsible for quarterly reporting of primary
33 operating budget drivers such as applicable workloads, caseload
34 estimates, and appropriate unit cost data. These reports shall be
35 transmitted to the legislative fiscal committees or by electronic means
36 to the legislative evaluation and accountability program committee.
37 Quarterly reports shall include actual monthly data and the variance

1 between actual and estimated data to date. The reports shall also
2 include estimates of these items for the remainder of the budget
3 period.

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

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

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

26 Each agency head or authorized designee shall be assigned the
27 responsibility and authority for establishing and maintaining internal
28 audits following the standards of internal auditing of the institute of
29 internal auditors;

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

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

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

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

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

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

21 (5) The treasurer shall:

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

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

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

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

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

36 It shall be unlawful for the treasurer to disburse public funds in
37 the treasury except upon forms or by alternative means duly prescribed
38 by the director of financial management. These forms or alternative

1 means shall provide for authentication and certification by the agency
2 head or the agency head's designee that the services have been rendered
3 or the materials have been furnished; or, in the case of loans or
4 grants, that the loans or grants are authorized by law; or, in the case
5 of payments for periodic maintenance services to be performed on state
6 owned equipment, that a written contract for such periodic maintenance
7 services is currently in effect; and the treasurer shall not be liable
8 under the treasurer's surety bond for erroneous or improper payments so
9 made. When services are lawfully paid for in advance of full
10 performance by any private individual or business entity other than
11 equipment maintenance providers or as provided for by RCW 42.24.035,
12 such individual or entity other than central stores rendering such
13 services shall make a cash deposit or furnish surety bond coverage to
14 the state as shall be fixed in an amount by law, or if not fixed by
15 law, then in such amounts as shall be fixed by the director of the
16 department of (~~general administration~~) enterprise services but in no
17 case shall such required cash deposit or surety bond be less than an
18 amount which will fully indemnify the state against any and all losses
19 on account of breach of promise to fully perform such services. No
20 payments shall be made in advance for any equipment maintenance
21 services to be performed more than twelve months after such payment
22 except that institutions of higher education as defined in RCW
23 28B.10.016 may make payments in advance for equipment maintenance
24 services to be performed up to sixty months after such payment. Any
25 such bond so furnished shall be conditioned that the person, firm or
26 corporation receiving the advance payment will apply it toward
27 performance of the contract. The responsibility for recovery of
28 erroneous or improper payments made under this section shall lie with
29 the agency head or the agency head's designee in accordance with
30 (~~regulations~~) rules issued pursuant to this chapter. Nothing in this
31 section shall be construed to permit a public body to advance funds to
32 a private service provider pursuant to a grant or loan before services
33 have been rendered or material furnished.

34 (6) The state auditor shall:

35 (a) Report to the legislature the results of current post audits
36 that have been made of the financial transactions of each agency; to
37 this end the auditor may, in the auditor's discretion, examine the
38 books and accounts of any agency, official, or employee charged with

1 the receipt, custody, or safekeeping of public funds. Where feasible
2 in conducting examinations, the auditor shall utilize data and findings
3 from the internal control system prescribed by the office of financial
4 management. The current post audit of each agency may include a
5 section on recommendations to the legislature as provided in (c) of
6 this subsection.

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

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

37 (d) Be empowered to take exception to specific expenditures that
38 have been incurred by any agency or to take exception to other

1 practices related in any way to the agency's financial transactions and
2 to cause such exceptions to be made a matter of public record,
3 including disclosure to the agency concerned and to the director of
4 financial management. It shall be the duty of the director of
5 financial management to cause corrective action to be taken within six
6 months, such action to include, as appropriate, the withholding of
7 funds as provided in RCW 43.88.110. The director of financial
8 management shall annually report by December 31st the status of audit
9 resolution to the appropriate committees of the legislature, the state
10 auditor, and the attorney general. The director of financial
11 management shall include in the audit resolution report actions taken
12 as a result of an audit including, but not limited to, types of
13 personnel actions, costs and types of litigation, and value of recouped
14 goods or services.

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

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

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

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

24 (a) Make post audits of the financial transactions of any agency
25 and management surveys and program reviews as provided for in chapter
26 44.28 RCW as well as performance audits and program evaluations. To
27 this end the joint committee may in its discretion examine the books,
28 accounts, and other records of any agency, official, or employee.

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

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

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

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

5 **Sec. 4.** RCW 41.06.157 and 2011 1st sp.s. c 43 s 411 are each
6 amended to read as follows:

7 (1) To promote the most effective use of the state's workforce and
8 improve the effectiveness and efficiency of the delivery of services to
9 the citizens of the state, the director shall adopt and maintain a
10 comprehensive classification plan for all positions in the classified
11 service. The classification plan must:

12 (a) Be simple and streamlined;

13 (b) Support state agencies in responding to changing technologies,
14 economic and social conditions, and the needs of its citizens;

15 (c) Value workplace diversity;

16 (d) Facilitate the reorganization and decentralization of
17 governmental services;

18 (e) Enhance mobility and career advancement opportunities; and

19 (f) Consider rates in other public employment and private
20 employment in the state.

21 (2) An appointing authority and an employee organization
22 representing classified employees of the appointing authority for
23 collective bargaining purposes may jointly request the human resources
24 director to initiate a classification study.

25 (3) For institutions of higher education and related boards, the
26 director may adopt special salary ranges to be competitive with
27 positions of a similar nature in the state or the locality in which the
28 institution of higher education or related board is located.

29 (4) For health care classifications, institutions of higher
30 education may implement higher education health care special pay plans
31 to be competitive with positions of a similar nature in the locality in
32 which the institution of higher education is located. In administering
33 a special pay plan, institutions may authorize compensation changes
34 including but not limited to increases in salary ranges, new top steps
35 in salary ranges, premium pay, and adjustments for community practice.
36 Such special pay plans are not subject to director approval or

1 adoption, however, institutions of higher education shall report
2 annually to the director actions they have taken under the provisions
3 of this section.

4 (5) The director may undertake salary surveys of positions in other
5 public and private employment to establish market rates. Any salary
6 survey information collected from private employers which identifies a
7 specific employer with salary rates which the employer pays to its
8 employees shall not be subject to public disclosure under chapter 42.56
9 RCW.

10 **Sec. 5.** RCW 41.04.240 and 1977 ex.s. c 269 s 1 are each amended to
11 read as follows:

12 (1) Except with regard to institutions of higher education as
13 defined in RCW 28B.10.016, any official of the state or of any
14 political subdivision, municipal corporation, or quasi-municipal
15 corporation authorized to disburse funds in payment of salaries and
16 wages of employees is authorized upon written request of at least
17 twenty-five employees to pay all or part of such salaries or wages to
18 any financial institution for either: ((+1)) (a) Credit to the
19 employees' accounts in such financial institution; or ((+2)) (b)
20 immediate transfer therefrom to the employees' accounts in any other
21 financial institutions(~~:- PROVIDED, That~~)).

22 (2) In disbursing funds for payment of salaries and wages of
23 employees, institutions of higher education as defined in RCW
24 28B.10.016 are authorized to require the following payment methods:

25 (a) For employees who have an account in a financial institution,
26 payment to any financial institution for either: (i) Credit to the
27 employees' accounts in such financial institution; or (ii) immediate
28 transfer therefrom to the employees' accounts in any other financial
29 institutions; and

30 (b) For employees who do not have an account in a financial
31 institution, payment by alternate methods such as payroll cards.

32 (3) Nothing in this section shall be construed as authorizing any
33 employer to require the employees to have an account in any particular
34 financial institution or type of financial institution. A single
35 warrant may be drawn in favor of such financial institution, for the
36 total amount due the employees involved, and written directions
37 provided to such financial institution of the amount to be credited to

1 the account of an employee or to be transferred to an account in
2 another financial institution for such employee. The issuance and
3 delivery by the disbursing officer of a warrant in accordance with the
4 procedure set forth herein and proper indorsement thereof by the
5 financial institution shall have the same legal effect as payment
6 directly to the employee.

7 For the purposes of this section "financial institution" means any
8 bank or trust company established in this state pursuant to chapter 2,
9 Title 12, United States Code, or Title 30 RCW, and any credit union
10 established in this state pursuant to chapter 14, Title 12, United
11 States Code, or chapter 31.12 RCW, and any mutual savings bank
12 established in this state pursuant to Title 32 RCW, and any savings and
13 loan association established in this state pursuant to chapter 12,
14 Title 12, United States Code, or Title 33 RCW.

15 **Sec. 6.** RCW 28B.10.029 and 2011 1st sp.s. c 43 s 303 and 2011 c
16 198 s 1 are each reenacted and amended to read as follows:

17 (1)(a) An institution of higher education may exercise
18 independently those powers otherwise granted to the director of
19 enterprise services in chapter 43.19 RCW in connection with the
20 purchase and disposition of all material, supplies, services, and
21 equipment needed for the support, maintenance, and use of the
22 respective institution of higher education.

23 (b) Property disposition policies followed by institutions of
24 higher education shall be consistent with policies followed by the
25 department of enterprise services.

26 (c)(i) Except as provided in (c)(ii) of this subsection, purchasing
27 policies and procedures followed by institutions of higher education
28 shall be in compliance with chapters 39.19, 39.29, and 43.03 RCW, and
29 RCW 43.19.1901, 43.19.1906, 43.19.1911, 43.19.1917, 43.19.1937,
30 43.19.685, 43.19.700 through 43.19.704, and 43.19.560 through
31 43.19.637.

32 (ii) Institutions of higher education may use all appropriate means
33 for making and paying for travel arrangements including, but not
34 limited to, electronic booking and reservations, advance payment and
35 deposits for tours, lodging and other necessary expenses, and other
36 travel transactions based on standard industry practices and federal
37 accountable plan requirements. Such arrangements shall support

1 student, faculty, staff, and other participants' travel, by groups and
2 individuals, both domestic and international, in the most cost-
3 effective and efficient manner possible, regardless of the source of
4 funds.

5 (d) Purchases under chapter 39.29, 43.19, or 43.105 RCW by
6 institutions of higher education may be made by using contracts for
7 materials, supplies, services, or equipment negotiated or entered into
8 by, for, or through group purchasing organizations.

9 (e) The community and technical colleges shall comply with RCW
10 43.19.450.

11 (f) Except for the University of Washington, institutions of higher
12 education shall comply with RCW 43.19.769, 43.19.763, and 43.19.781.

13 (g) If an institution of higher education can satisfactorily
14 demonstrate to the director of the office of financial management that
15 the cost of compliance is greater than the value of benefits from any
16 of the following statutes, then it shall be exempt from them: RCW
17 43.19.685 and 43.19.637.

18 (h) Any institution of higher education that chooses to exercise
19 independent purchasing authority for a commodity or group of
20 commodities shall notify the director of enterprise services.
21 Thereafter the director of enterprise services shall not be required to
22 provide those services for that institution for the duration of the
23 enterprise services contract term for that commodity or group of
24 commodities.

25 (2) The council of presidents and the state board for community and
26 technical colleges shall convene its correctional industries business
27 development advisory committee, and work collaboratively with
28 correctional industries, to:

29 (a) Reaffirm purchasing criteria and ensure that quality, service,
30 and timely delivery result in the best value for expenditure of state
31 dollars;

32 (b) Update the approved list of correctional industries products
33 from which higher education shall purchase; and

34 (c) Develop recommendations on ways to continue to build
35 correctional industries' business with institutions of higher
36 education.

37 (3) Higher education and correctional industries shall develop a
38 plan to build higher education business with correctional industries to

1 increase higher education purchases of correctional industries
2 products, based upon the criteria established in subsection (2) of this
3 section. The plan shall include the correctional industries'
4 production and sales goals for higher education and an approved list of
5 products from which higher education institutions shall purchase, based
6 on the criteria established in subsection (2) of this section. Higher
7 education and correctional industries shall report to the legislature
8 regarding the plan and its implementation no later than January 30,
9 2005.

10 (4)(a) Institutions of higher education shall set as a target to
11 contract, beginning not later than June 30, 2006, to purchase one
12 percent of the total goods and services required by the institutions
13 each year produced or provided in whole or in part from class II inmate
14 work programs operated by the department of corrections. Institutions
15 of higher education shall set as a target to contract, beginning not
16 later than June 30, 2008, to purchase two percent of the total goods
17 and services required by the institutions each year produced or
18 provided in whole or in part from class II inmate work programs
19 operated by the department of corrections.

20 (b) Institutions of higher education shall endeavor to assure the
21 department of corrections has notifications of bid opportunities with
22 the goal of meeting or exceeding the purchasing target in (a) of this
23 subsection.

24 **Sec. 7.** RCW 39.94.040 and 2011 1st sp.s. c 43 s 726 and 2011 c 151
25 s 7 are each reenacted and amended to read as follows:

26 (1) Except as provided in RCW 28B.10.022, the state may not enter
27 into any financing contract for itself if the aggregate principal
28 amount payable thereunder is greater than an amount to be established
29 from time to time by the state finance committee or participate in a
30 program providing for the issuance of certificates of participation,
31 including any contract for credit enhancement, without the prior
32 approval of the state finance committee. Except as provided in RCW
33 28B.10.022, the state finance committee shall approve the form of all
34 financing contracts or a standard format for all financing contracts.
35 The state finance committee also may:

36 (a) Consolidate existing or potential financing contracts into
37 master financing contracts with respect to property acquired by one or

1 more agencies, departments, instrumentalities of the state, the state
2 board for community and technical colleges, or a state institution of
3 higher learning; or to be acquired by another agency;

4 (b) Approve programs providing for the issuance of certificates of
5 participation in master financing contracts for the state or for other
6 agencies;

7 (c) Enter into agreements with trustees relating to master
8 financing contracts; and

9 (d) Make appropriate rules for the performance of its duties under
10 this chapter.

11 (2) In the performance of its duties under this chapter, the state
12 finance committee may consult with representatives from the department
13 of general administration, the office of financial management, and the
14 office of the chief information officer.

15 (3) With the approval of the state finance committee, the state
16 also may enter into agreements with trustees relating to financing
17 contracts and the issuance of certificates of participation.

18 (4) Except for financing contracts for real property authorized
19 under RCW 28B.10.022(4) or used for the purposes described under
20 chapter 28B.140 RCW, the state may not enter into any financing
21 contract for real property of the state without prior approval of the
22 legislature. For the purposes of this requirement, a financing
23 contract must be treated as used for real property if it is being
24 entered into by the state for the acquisition of land; the acquisition
25 of an existing building; the construction of a new building; or a major
26 remodeling, renovation, rehabilitation, or rebuilding of an existing
27 building. Prior approval of the legislature is not required under this
28 chapter for a financing contract entered into by the state under this
29 chapter for energy conservation improvements to existing buildings
30 where such improvements include: (a) Fixtures and equipment that are
31 not part of a major remodeling, renovation, rehabilitation, or
32 rebuilding of the building, or (b) other improvements to the building
33 that are being performed for the primary purpose of energy
34 conservation. Such energy conservation improvements must be determined
35 eligible for financing under this chapter by the office of financial
36 management in accordance with financing guidelines established by the
37 state treasurer, and are to be treated as personal property for the
38 purposes of this chapter.

1 (5) The state may not enter into any financing contract on behalf
2 of another agency without the approval of such a financing contract by
3 the governing body of the other agency.

4 **Sec. 8.** RCW 28B.10.022 and 2003 c 6 s 1 are each amended to read
5 as follows:

6 (1) The boards of regents of the state universities and the boards
7 of trustees of the regional universities, The Evergreen State College,
8 and the state board for community and technical colleges, are severally
9 authorized to enter into financing contracts as provided in chapter
10 39.94 RCW. Except as provided in subsection (2) of this section,
11 financing contracts shall be subject to the approval of the state
12 finance committee.

13 (2) The board of regents of a state university may enter into
14 financing contracts which are payable solely from and secured by all or
15 any component of the fees and revenues of the university derived from
16 its ownership and operation of its facilities not subject to
17 appropriation by the legislature and not constituting "general state
18 revenues," as defined in Article VIII, section 1 of the state
19 Constitution, without the prior approval of the state finance
20 committee.

21 (3) Except for financing contracts for facilities or equipment
22 described under chapter 28B.140 RCW, the board of regents shall notify
23 the state finance committee at least sixty days prior to entering into
24 such contract and provide information relating to such contract as
25 requested by the state finance committee.

26 (4) The regional universities, The Evergreen State College, and the
27 community and technical colleges may enter into financing contracts for
28 real property as defined in RCW 39.94.040(4) when the financing
29 contracts are payable solely from and secured by all or any component
30 of the fees and revenues of that college or university that are (a)
31 derived from its ownership and operation of its facilities, (b) not
32 subject to allotment under chapter 43.88 RCW, (c) not subject to
33 appropriation by the legislature, and (d) not constituting "general
34 state revenues," as defined in Article VIII, section 1 of the state
35 Constitution. Financing contracts under this subsection must be
36 approved by the state finance committee but do not require further
37 legislative authorization.

1 NEW SECTION. **Sec. 9.** By January 1, 2017, institutions of higher
2 education as defined in RCW 28B.10.016 must report to the legislature
3 and the governor on: (1) The amount of savings resulting from use of
4 the higher education provisions of sections 1 through 6 of this act;
5 and (2) the manner in which such savings were used to promote student
6 academic success.

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