

HOUSE BILL REPORT

HB 2147

As Reported By House Committee On:
Higher Education
Appropriations

Title: An act relating to expenditure requirements of institutions of higher education.

Brief Description: Exempting institutions of higher education from certain expenditure requirements.

Sponsors: Representatives Carlson, Talcott, Wood, Chandler, Forner, Van Luven, Sehlin, Schoesler, B. Thomas and Cooke.

Brief History:

Reported by House Committee on:
Higher Education, February 3, 1994, DP;
Appropriations, February 5, 1994, DP.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 18 members:
Representatives Jacobsen, Chair; Quall, Vice Chair;
Brumsickle, Ranking Minority Member; Sheahan, Assistant
Ranking Minority Member; Basich; Bray; Carlson; Casada;
Finkbeiner; Flemming; Kessler; Mastin; Mielke; Ogden; Orr;
Rayburn; Shin and Wood.

Staff: Susan Hosch (786-7120).

Background: Under current law, any state general fund money that is unexpended at the end of a biennium must be returned to the general fund. In addition, by law, state agencies are required to create spending plans designed to use state and non-state money in a way that conserves the state money.

During the summer and fall of 1993, the House Republican Caucus Higher Education Task Force convened a series of meetings throughout the state. As a result of those meetings, the members of the task force recommended giving colleges and universities more management flexibility to meet the demands of their educational communities. One method to increase management flexibility was recommended by staff in the Administrative Services Division at Clark College. They recommended giving institutions an incentive to behave more efficiently by permitting them to keep any

money saved during a biennium and use it during the next biennium.

Summary of Bill: The requirement that agencies spend appropriated and non-appropriated money in a way that conserves the appropriated money does not apply to state institutions of higher education.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Institutions of higher education lack some of the tools needed to enhance prudent management decisions. Currently, any state money left unspent at the end of a biennium must be returned to the general fund. In all likelihood, the agency or institution that returns the money will have their budget reduced by that amount in the next biennium. This legislation creates an incentive for good management. By permitting institutions of higher education to spend appropriated funds first, they can save money from tuition and carry it over into the ensuing fiscal period. This tool may also provide colleges with a mechanism to create a reserve fund that will assist them in their efforts to weather difficult fiscal periods.

Testimony Against: None.

Witnesses: Terry Teale, Council of Presidents; Mary Marcy, Central Washington University; Scott Morgan, State Board for Community & Technical Colleges; and Judy McNickle, Higher Education Coordinating Board (all pro).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 25 members: Representatives Sommers, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dorn; Dunshee; G. Fisher; Foreman; Jacobsen; Lemmon; Linville; H. Myers; Peery; Rust; Sehlin; Sheahan; Stevens; Talcott; Wang; Wineberry and Wolfe.

Staff: Sherie Story (786-7142).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Higher Education: No new changes were recommended.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: All six four-year institutions of higher education and the community and technical colleges strongly support this bill. It provides a meaningful incentive to save rather than spend. Western Washington University would like to be able to save money in advance in order to make large expenditures such as an updated library system.

Testimony Against: None.

Witnesses: Terry Teale, Council of Presidents; Sandra Wall, State Board for Community and Technical Colleges; and Al Froderberg, Western Washington University (all in favor).