

# FINAL BILL REPORT

## 3SHB 2585

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### PARTIAL VETO C 230 L 12 Synopsis as Enacted

**Brief Description:** Creating efficiencies for institutions of higher education.

**Sponsors:** House Committee on Ways & Means (originally sponsored by Representatives Springer, Haler, Eddy, Seaquist and Zeiger).

**House Committee on Higher Education**  
**House Committee on Education Appropriations & Oversight**  
**House Committee on Ways & Means**  
**Senate Committee on Higher Education & Workforce Development**  
**Senate Committee on Ways & Means**

#### **Background:**

Institutions of higher education and state agencies are subject to certain rules on procurement and employment.

*Goods and Services.* Purchases and sales must be based on competitive bids, and formal sealed, electronic, or web-based procedures must be used as standard procedure for purchases and contracts executed by agencies, including educational institutions. However, formal sealed, electronic, or web-based competitive contracting is not required for purchases such as: purchases by institutions of higher education of specialized equipment, instructional, and research material; purchases by universities for hospital operations; and certain purchases for resale by institutions of higher education.

*Travel Arrangements.* Competitive contracting requirements for goods and services apply to travel arrangements made by institutions of higher education.

*Personal Services.* Personal service contracts must be based on a competitive solicitation process except for emergency contracts, sole source contracts, contract amendments, and contracts of less than \$20,000. Contracts of \$5,000 or more, but less than \$10,000, must have documented evidence of competition. Contracts of \$10,000 or more, but less than \$20,000, must have documented evidence of competition, including agency posting of the opportunity on the common vendor registration and bid notification system.

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*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.*

*Equipment Maintenance Services.* Payments for periodic maintenance services performed on state-owned equipment may be made only if a written contract for such services is in effect. Payments may not be made in advance for equipment maintenance services to be performed more than 12 months after such payment.

*Compensation; Health Care Classifications.* Civil service rules, including a comprehensive classification plan and compensation system for all positions in the classified service, must be adopted by the Human Resources Director within the Office of Financial Management. These rules may include special competitive salary ranges for institutions of higher education. These rules must provide for local administration and management by institutions of higher education, subject to periodic audit and review by the Human Resources Director.

*Compensation; Direct Deposit.* Upon written request of at least 25 employees, payments of salaries and wages may be paid to a financial institution for credit to the employees' accounts in that institution, or for immediate transfer to the employees' accounts in other financial institutions.

*Operating Fee Accounts; Allotment.* Tuition fees must be deposited in local operating fee accounts. These accounts are not subject to appropriation or allotment procedures.

*Operating Fee Accounts; Charges.* Moneys from the State General Fund that are appropriated but not expended must be returned to the State General Fund at the end of a biennium. State agencies must charge expenditures to appropriated and nonappropriated funds in ratios that conserve appropriated funds. In 2011 the Legislature made institutions of higher education subject to this requirement during the 2011-13 biennium.

### **Summary:**

Certain rules on procurement and employment are modified for institutions of higher education.

*Goods and Services.* Institutions of higher education are exempt from formal sealed, electronic, and web-based competitive bidding requirements for goods and services purchases of \$100,000 or less. However, for purchases of \$10,000 or more, but less than \$100,000, institutions must: secure quotations from at least three vendors; invite at least one quotation each from a certified minority-owned vendor and a certified woman-owned vendor qualified to perform the work; and keep documented records of such competition for audit purposes.

*Travel Arrangements.* Institutions of higher education are exempt from competitive contracting requirements applicable to travel arrangements. Instead, institutions may use all appropriate means to make and pay for travel arrangements. These arrangements must support travel in the most cost-effective and efficient manner possible, regardless of the source of funds.

*Personal Services.* Institutions of higher education are exempt from competitive solicitation requirements for personal service contracts that are less than \$100,000. However, for personal service contracts of \$10,000 or greater, but less than \$100,000, institutions must:

invite at least one quotation each from a certified minority-owned vendor and a certified woman-owned vendor qualified to perform the work; and document evidence of competition.

*Equipment Maintenance Services.* Institutions of higher education may make payments in advance for equipment maintenance services to be performed up to 60 months (instead of up to 12 months) after such payment.

*Compensation; Health Care Classifications.* Institutions of higher education may implement special pay plans for health care classifications to be competitive with similar positions in the institution's locality. Such compensation changes include, but are not limited to, increases in salary ranges, new top steps in salary ranges, premium pay, and adjustments for community practices. Institutions must report such changes annually to the Human Resources Director within the Office of Financial Management.

*Compensation; Direct Deposit.* Institutions may require payment of wages by direct deposit for employees with accounts in financial institutions and by alternative methods, such as payroll cards, for employees without such accounts.

*Operating Fee Accounts; Allotment.* Local operating fee accounts are subject to allotment procedures by budget program and fiscal year.

*Operating Fee Accounts; Charges.* The requirement that institutions of higher education charge expenditures in ratios that conserve appropriated funds is made permanent. This requirement applies to appropriated funds and operating fee accounts (rather than all nonappropriated funds).

*Report.* Institutions of higher education must report on the amount of savings and the manner in which such savings were used to promote student academic success by January 1, 2017.

**Votes on Final Passage:**

House	98	0	
Senate	48	0	(Senate amended)
House	56	41	(House concurred)

**Effective:** June 7, 2012

**Partial Veto Summary:** The veto removes the section authorizing institutions of higher education to implement compensation changes for certain health care classifications.