HOUSE BILL REPORT
HB 2613

As Reported by House Committee On:
Higher Education

Title: An act relating to creating efficiencies for institutions of higher education.

Brief Description: Creating efficiencies for institutions of higher education.

Sponsors: Representatives Gregerson, Zeiger, Seaquist, Haler, Morrell, Pollet and Jinkins.

Brief History:
Committee Activity:
Higher Education: 1/29/14, 2/4/14 [DPS].

Brief Summary of Substitute Bill

- Specifies that only the public baccalaureate institutions that raise tuition above the assumed levels in the Omnibus Appropriations Act must provide financial aid mitigation information and modifies the due date for mitigation reporting.
- Adjusts certain reporting requirements for financial aid mitigation.
- Requires that the Joint Legislative Audit Review Committee's audit of the impact of tuition-setting authority consider student completion rather than institutional quality.
- Permits institutions of higher education to change payroll frequency from semimonthly to biweekly and prorate paychecks for faculty who are on nine-month appointments.
- Increases the predesign project limit for capital projects from $5 million to $10 million.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Seaquist, Chair; Pollet, Vice Chair; Haler, Ranking Minority Member; Zeiger, Assistant Ranking Minority Member; Gregerson, Hansen,

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.

Hargrove, Johnson, Magendanz, Muri, Reykdal, Sawyer, Scott, Sells, Smith, Tarleton, Walkinshaw, Walsh and Wylie.

Staff: Madeleine Thompson (786-7304).

Background:

Financial Aid to Mitigate Tuition Increases.
Legislation enacted in 2011 that temporarily removed the cap the Legislature placed on tuition increases for public baccalaureate institutions also required institutions to report on methods used to mitigate the impact of tuition increases. In addition, institutions are required to report the additional financial aid received by students in the aggregate and per-student, and for middle-income and low-income students.

Report on the Impact of Tuition Increases.
The Joint Legislative Audit and Review Committee (JLARC) is directed to conduct an audit of the impact of tuition-setting authority on student access, affordability, and institutional quality. The JLARC submitted a project update to the Legislature on January 7, 2014. The final report must include recommendations on whether to continue providing authority to the public baccalaureate institutions to set their own tuition rates beyond the 2018-19 academic year.

Performance Accountability Information.
Legislation enacted in 2011 that provided the public baccalaureate institutions with temporary authority to set tuition, also required certain kinds of accountability information. The institutions are required to report by December 1 annually on performance data and this information must be displayed on the Office of Financial Management's (OFM) website maintained by the Education Research and Data Center, known as the Data Dashboard.

Each public baccalaureate institution must also develop a Performance Plan that is negotiated with the OFM and must include a minimum set of expected outcomes as follows:
- time and credits to degree;
- retention and success of students from low-income, diverse, or underrepresented communities;
- baccalaureate degree production for resident students; and
- degree production in high-employer demand programs of study and critical state need areas.

Pay Periods for State Employees.
Pay periods for state employees are divided into two pay periods per month. All state officers and employees must be paid for services rendered from the first day of the month through the fifteenth day of the month and for services rendered from the sixteenth day of the month through the last calendar day of the month. Pay dates for these two pay periods are established by the Director of the OFM.

Predesigns for Capital Projects.
A predesign is a decision-making tool that is required for all capital projects that exceed $5 million. The purpose of the predesign is to clearly identify the facility need or problem to be

addressed and provide a thoughtful analysis of the options to meet the need or solve the problem. The predesign includes information about the space needs of the proposed program, alternatives to the preferred project, and estimated budget information. The predesign is often prepared by architectural consultants and usually includes a detailed space plan.

Summary of Substitute Bill:

Specificity is added that only public baccalaureate institutions that raise tuition above the assumed levels in the Omnibus Appropriations Act must report to the Governor and the Legislature on the effectiveness of the various sources and methods of financial aid in mitigating tuition increases. The due date for public baccalaureate institutions to report financial aid mitigation for tuition increases is modified from August 15 to December 31.

Financial aid mitigation reporting requirements are adjusted as follows: institutions are required to report the total amount of financial aid provided to resident middle- and low-income students, rather than the amount of additional financial aid for all middle- and low-income students; and sources and methods of financial aid must be be reported for resident, undergraduate students, rather than all students.

The JLARC report on the impact of removing tuition setting authority must measure completion rather than institutional quality.

Public institutions of higher education are permitted to change payroll frequency from semimonthly to biweekly and prorate paychecks for faculty who are on nine-month appointments.

The predesign project limit for capital projects at institutions of higher education is increased from $5 million to $10 million.

Substitute Bill Compared to Original Bill:

The provisions linking the performance plans of the public baccalaureate institutions to performance funding are removed. Direction on how to measure "institutional quality" for the purposes of the JLARC report on the impact of removing tuition setting authority is removed and replaced with a direction to measure completion. The substitute bill provides clarification that the payroll frequency changes are permissive rather than mandatory.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This is an efficiency bill that aligns and improves systems and reporting for public baccalaureate institutions.

(Other) The proposal makes changes related to reporting methods and sources of student financial aid that provide a clear direction for the public baccalaureate institutions. Unit record data is not available until the fall so it makes sense to move the date for reporting this data until the fall. This proposal requires the JLARC to assess the impact of tuition-setting authority only for those institutions that raise tuition above the assumed levels in the budget rather than the impact of tuition increases for all institutions. Payroll provisions have a huge impact on the way a higher education institution does business. Providing the changes related to payroll frequency will save a lot of money. There are additional capital costs when capital projects have to go through a predesign. Increasing the limit will result in savings in terms of consultant costs and on certain projects that can be completed within two years rather than a longer time frame.

(Opposed) None.

Persons Testifying: (In support) Representative Gregerson, prime sponsor.

(Other) Paul Francis, Council of Presidents; Steve DuPont, Central Washington University; and Margaret Shepherd, University of Washington.

Persons Signed In To Testify But Not Testifying: None.