

SENATE BILL REPORT

SHB 2336

As Reported by Senate Committee On:
Higher Education, February 25, 2014

Title: An act relating to increasing transparency in higher education by requiring certain departmental budget detail to be available online.

Brief Description: Increasing transparency in higher education by requiring certain departmental budget detail to be available online.

Sponsors: House Committee on Higher Education (originally sponsored by Representatives Zeiger, Seaquist, Haler, Pollet, Manweller, Riccelli, Freeman, Fagan, Magendanz, Morrell, Orwall, Tharinger and Smith).

Brief History: Passed House: 2/11/14, 95-3.

Committee Activity: Higher Education: 2/20/14, 2/25/14 [DPA-WM, w/oRec].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Bailey, Chair; Becker, Vice Chair; Kohl-Welles, Ranking Member; Tom.

Minority Report: That it be referred without recommendation.

Signed by Senator Frockt.

Staff: Kimberly Cushing (786-7421)

Background: Currently institutions are required to disclose to undergraduate resident students on tuition billing statements or their website the source of all institutional revenue and uses of tuition revenue for the prior year. Additionally, each governing board of the four-year institutions of higher education must make public its proposal for tuition and fee increases before adoption and allow opportunity for public comment.

In 2007 the Legislature created an education data center, referred to as the Education Research and Data Center (ERDC), within the Office of Financial Management (OFM) and required OFM to work jointly with the Legislative Education and Accountability Program Committee in conducting collaborative analyses of early learning, K-12, and higher education programs and issues.

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.

In 2011 the Legislature required the four-year institutions to begin reporting annually on specific performance data to the ERDC and for the data to be displayed on OFM's website, in a uniform dashboard format (dashboard).

Summary of Bill (Recommended Amendments): Within 60 days after a fiscal year concludes, each four-year institution of higher education must publish on its website a detailed financial report of its state appropriation and tuition expenditures for the just completed fiscal year. Each institution of higher education must report by department, budget unit, division, school, or college level. At a minimum the report must include expenditure information by statewide object code as described in the statewide administrative and accounting manual.

Within 60 days after a fiscal year concludes, each two-year institution of higher education must publish on its website a detailed financial report of its operating expenditures for the just-completed fiscal year. At a minimum the report must include expenditure information by statewide object code as described in the statewide administrative and accounting manual.

EFFECT OF CHANGES MADE BY HIGHER EDUCATION COMMITTEE (Recommended Amendments): Removes the ERDC from the bill and instead requires each institution of higher education to post department-level, budget unit-level, division-level, school-level, or college-level expenditure information on their respective websites. Within 60 days of the closing of a fiscal year, each institution of higher education must make public a detailed financial report of expenditures for the fiscal year just completed. Each financial report must include, at a minimum, expenditure information by statewide object code as described in the statewide administrative and accounting manual.

Appropriation: None.

Fiscal Note: Requested on February 17, 2014.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Substitute House Bill: PRO: This is an open transparency bill. While I want to make this bill work for each institution, I still want information to be available. Western Washington University already publishes their spending levels down to the department level. An amendment to use a model where institutions post on their own websites should bring down costs. Students want to know where their money goes and do not know where to find the information. This bill would help student governments help students understand where student and tax-payer funds go. It is an issue of fairness.

OTHER: OFM would prefer that the ERDC not host these reports. Faculty loves transparency. All budget data is available to anyone who asks. However, a look at a department-level budget at any given point in time would be of limited use because we are moving people and resources around constantly to maximize success. A lot of the student

concerns have to do with student fees, which may or may not fall within the realm of the bill. The University of Washington has 981 departments that vary in size across campus. Standardizing data would need to be done manually. If this is valuable data and the best use of resources, we are happy to do it. Perhaps additional budget data can be made available without additional costs by providing by college and school unit data. All six four-year institutions already put revenues and fees on their website and in billing statements. The institutions are committed to transparency. Sixty-day reporting causes a problem, because the current process takes longer than 60 days. We need clarity around terms such as divisions and departments.

Persons Testifying: PRO: Representative Zeiger, prime sponsor; Jansen VanderMeulen, Director of Legislative Affairs, Associated Students of WA State University.

OTHER: Paula Moore, OFM; Jim Huckabay, Council of Faculty Representatives; Margaret Shepherd, University of WA; Julie Garver, The Evergreen State College; Steve DuPont, Central WA University.