

SENATE BILL REPORT

SB 6362

As Reported by Senate Committee On:
Higher Education, February 6, 2014
Ways & Means, February 11, 2014

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

Brief Description: Creating efficiencies for institutions of higher education.

Sponsors: Senators Bailey, Becker, Frockt, Kohl-Welles and Tom.

Brief History:

Committee Activity: Higher Education: 1/28/14, 2/06/14 [DPS-WM].
Ways & Means: 2/10/14, 2/11/14 [DP2S, w/oRec].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 6362 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

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

Staff: Kimberly Cushing (786-7421)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6362 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Assistant Ranking Member on the Operating Budget; Becker, Billig, Braun, Conway, Dammeier, Fraser, Hasegawa, Hatfield, Hewitt, Padden, Parlette, Rivers, Schoesler and Tom.

Minority Report: That it be referred without recommendation.

Signed by Senators Bailey, Frockt and Kohl-Welles.

Staff: Maria Hovde (786-7710)

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.

Background: Reporting Requirements Under E2SHB 1795. In 2011 under E2SHB 1795, the Legislature granted temporary tuition-setting authority to the governing boards of the state universities, the regional universities, and The Evergreen State College. In the same legislation, the Legislature directed the four-year institutions of higher education to report annually by August 15 on the effectiveness of the various sources and methods of financial aid in mitigating tuition increases. A key purpose of the reports is to provide information regarding the results of the decision to grant tuition-setting authority and whether the authority should continue or revert back to the Legislature after considering the impact on students.

Additionally, the Legislature directed the Joint Legislative Audit and Review Committee (JLARC) to conduct an audit of the impact of tuition-setting authority on student access, affordability, and institutional quality and report to the Legislature by December 15, 2018. In the January 2014 project update, JLARC reported that three institutional-level measures – graduate rate, retention rate, and mean time to degree – will be used as indicators of institutional quality.

Payroll for Employees at Institutions of Higher Education. Under current law, state employees are paid for services rendered from the first day through the 15th day of the month, and from the 16th day through the last calendar day of the month. The paydate must not be more than ten days after the pay period in which the wages are earned, except when the paydate falls on a Sunday and then the paydate is the following Monday. Paydates are established six months prior to each calendar year by the director of the Office of Financial Management (OFM). One-half of the employee's monthly salary must be paid each pay period.

Summary of Bill (Recommended Second Substitute): Reporting Requirements Under E2SHB 1795. The four-year institutions of higher education must report on the effectiveness of financial aid in mitigating tuition increases by December 31, rather than August 15. Additionally, only institutions of higher education that increased tuition beyond levels assumed in the operating budget after January 1, 2011, must provide the financial aid report.

JLARC's audit of the impact of tuition-setting authority must consider student completion rather than institutional quality.

Payroll for Employees at Institutions of Higher Education. Any public institution of higher education may pay its employees for services rendered biweekly in pay periods consisting of two consecutive seven-calendar-day weeks. The paydate must be seven days after the end of the pay period, except when the paydate falls on a holiday, and then the paydate is the following Monday. Each institution that adopts a biweekly pay schedule must establish, publish, and notify the director of OFM of the paydates six months prior to each calendar year.

Salaried employees on a biweekly payroll cycle may receive a prorated amount of their annualized salary each pay period proportional to the number of pay periods worked in the calendar year. Hourly employees on a biweekly payroll cycle may be paid their actual salary amount earned during the pay period.

Academic employees at institutions of higher education employed less than 12 months may have their salaries prorated so that they coincide with the paydays of full-time employees.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute): Removes the section allowing the predesign threshold for higher education institutions to be raised from \$5 million to \$10 million.

EFFECT OF CHANGES MADE BY HIGHER EDUCATION COMMITTEE (Recommended First Substitute): Makes permissive the provision requiring employees to receive a prorated amount of their annualized salary each pay period.

Appropriation: None.

Fiscal Note: Available.

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 Original Bill (Higher Education): PRO: It is critical to ensure student and tax dollars are well spent. Every dollar spent on duplicative reporting is a dollar not spent on students. In 2011 the Legislature asked for list of recommendations regarding efficiencies, and the Council of Presidents summarized efficiencies in a yearly report. The JLARC audit language aligns with the work plan to look at impact on access, affordability, and completion – getting students through. Changing dates allows data to align with data from the Student Achievement Council regarding the completion of the most recent academic year.

Escalation occurs throughout the process of predesign for capital projects and there is a cost for extra consultants. It would save over \$700,000 to have an expedited process. The cap was put into statute in 1993.

The University of Washington (UW) is the third-largest employer in Washington. Most large employers are on a bi-weekly payroll and most systems are biweekly rather than twice monthly. A bi-weekly payroll would accommodate the myriad of employees, especially because of the medical facility, and help pay employees on a more predictable schedule. A conservative estimate is a savings of over \$700,000 annually. Nine-month faculty do not get paid in the summer like K-12 teachers, and some want to be paid year round. This should be voluntary, not mandated, and language is needed to fix the nine-month provision.

Persons Testifying (Higher Education): PRO: Lucas Barash-David, Associated Students, UW; Becca Kenna-Schenk, WA Student Achievement Council; Paul Francis, Council of Presidents; Steve DuPont, Central WA University; Robert Rosenman, faculty representative to the Legislature, WA State University; Margaret Shepherd, UW Director of State Relations; Jim Fridley, UW faculty.

Staff Summary of Public Testimony on Recommended First Substitute (Ways & Means): PRO: UW is the third-largest employer in the state with a workforce size that is equivalent to the city of Redmond; the payroll changes in this bill will facilitate a savings to the institution. The pre-design threshold has not changed in more than 20 years. Increasing that threshold accommodates for inflation and will reduce the length of time needed to complete capital projects.

Persons Testifying (Ways & Means): PRO: Margaret Shepherd, UW; Steve Dupont, Central WA University.