
HOUSE BILL 1769

State of Washington

63rd Legislature

2013 Regular Session

By Representatives Stonier, Zeiger, Stanford, Warnick, Sequist, Haler, Ryu, Springer, Morrell, Fey, Pollet, Riccelli, and Fagan

Read first time 02/08/13. Referred to Committee on Higher Education.

1 AN ACT Relating to creating efficiencies for institutions of higher
2 education; amending RCW 43.88.110 and 28B.10.022; and reenacting and
3 amending RCW 39.94.040.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 43.88.110 and 2009 c 518 s 3 are each amended to read
6 as follows:

7 This section sets forth the expenditure programs and the allotment
8 and reserve procedures to be followed by the executive branch for
9 public funds.

10 (1) Allotments of an appropriation for any fiscal period shall
11 conform to the terms, limits, or conditions of the appropriation.

12 (2) The director of financial management shall provide all agencies
13 with a complete set of operating and capital instructions for preparing
14 a statement of proposed expenditures at least thirty days before the
15 beginning of a fiscal period. The set of instructions need not include
16 specific appropriation amounts for the agency.

17 (3) Within forty-five days after the beginning of the fiscal period
18 or within forty-five days after the governor signs the omnibus biennial

1 appropriations act, whichever is later, all agencies shall submit to
2 the governor a statement of proposed expenditures at such times and in
3 such form as may be required by the governor.

4 (4) The office of financial management shall develop a method for
5 monitoring capital appropriations and expenditures that will capture at
6 least the following elements:

7 (a) Appropriations made for capital projects including
8 transportation projects;

9 (b) Estimates of total project costs including past, current,
10 ensuing, and future biennial costs;

11 (c) Comparisons of actual costs to estimated costs;

12 (d) Comparisons of estimated construction start and completion
13 dates with actual dates;

14 (e) Documentation of fund shifts between projects.

15 This data may be incorporated into the existing accounting system
16 or into a separate project management system, as deemed appropriate by
17 the office of financial management.

18 (5) The office of financial management, prior to approving
19 allotments for major capital construction projects valued over five
20 million dollars, with the exception of projects at institutions of
21 higher education as defined in RCW 28B.10.016, which may be valued up
22 to ten million dollars, shall institute procedures for reviewing such
23 projects at the predesign stage that will reduce long-term costs and
24 increase facility efficiency. The procedures shall include, but not be
25 limited to, the following elements:

26 (a) Evaluation of facility program requirements and consistency
27 with long-range plans;

28 (b) Utilization of a system of cost, quality, and performance
29 standards to compare major capital construction projects; and

30 (c) A requirement to incorporate value-engineering analysis and
31 constructability review into the project schedule.

32 (6) No expenditure may be incurred or obligation entered into for
33 such major capital construction projects including, without exception,
34 land acquisition, site development, predesign, design, construction,
35 and equipment acquisition and installation, until the allotment of the
36 funds to be expended has been approved by the office of financial
37 management. This limitation does not prohibit the continuation of

1 expenditures and obligations into the succeeding biennium for projects
2 for which allotments have been approved in the immediate prior
3 biennium.

4 (7) Minor works projects, as defined by the office of financial
5 management, may be valued up to five million dollars for institutions
6 of higher education as defined in RCW 28B.10.016.

7 (8) If at any time during the fiscal period the governor projects
8 a cash deficit in a particular fund or account as defined by RCW
9 43.88.050, the governor shall make across-the-board reductions in
10 allotments for that particular fund or account so as to prevent a cash
11 deficit, unless the legislature has directed the liquidation of the
12 cash deficit over one or more fiscal periods. Except for the
13 legislative and judicial branches and other agencies headed by elective
14 officials, the governor shall review the statement of proposed
15 operating expenditures for reasonableness and conformance with
16 legislative intent. The governor may request corrections of proposed
17 allotments submitted by the legislative and judicial branches and
18 agencies headed by elective officials if those proposed allotments
19 contain significant technical errors. Once the governor approves the
20 proposed allotments, further revisions may at the request of the office
21 of financial management or upon the agency's initiative be made on a
22 quarterly basis and must be accompanied by an explanation of the
23 reasons for significant changes. However, changes in appropriation
24 level authorized by the legislature, changes required by across-the-
25 board reductions mandated by the governor, changes caused by executive
26 increases to spending authority, and changes caused by executive
27 decreases to spending authority for failure to comply with the
28 provisions of chapter 36.70A RCW may require additional revisions.
29 Revisions shall not be made retroactively. However, the governor may
30 assign to a reserve status any portion of an agency appropriation
31 withheld as part of across-the-board reductions made by the governor
32 and any portion of an agency appropriation conditioned on a contingent
33 event by the appropriations act. The governor may remove these amounts
34 from reserve status if the across-the-board reductions are subsequently
35 modified or if the contingent event occurs. The director of financial
36 management shall enter approved statements of proposed expenditures
37 into the state budgeting, accounting, and reporting system within
38 forty-five days after receipt of the proposed statements from the

1 agencies. If an agency or the director of financial management is
2 unable to meet these requirements, the director of financial management
3 shall provide a timely explanation in writing to the legislative fiscal
4 committees.

5 ~~((+8))~~ (9) It is expressly provided that all agencies shall be
6 required to maintain accounting records and to report thereon in the
7 manner prescribed in this chapter and under the regulations issued
8 pursuant to this chapter. Within ninety days of the end of the fiscal
9 year, all agencies shall submit to the director of financial management
10 their final adjustments to close their books for the fiscal year.
11 Prior to submitting fiscal data, written or oral, to committees of the
12 legislature, it is the responsibility of the agency submitting the data
13 to reconcile it with the budget and accounting data reported by the
14 agency to the director of financial management.

15 ~~((+9))~~ (10) The director of financial management may exempt
16 certain public funds from the allotment controls established under this
17 chapter if it is not practical or necessary to allot the funds.
18 Allotment control exemptions expire at the end of the fiscal biennium
19 for which they are granted. The director of financial management shall
20 report any exemptions granted under this subsection to the legislative
21 fiscal committees.

22 **Sec. 2.** RCW 39.94.040 and 2011 1st sp.s. c 43 s 726 and 2011 c 151
23 s 7 are each reenacted and amended to read as follows:

24 (1) Except as provided in RCW 28B.10.022, the state may not enter
25 into any financing contract for itself if the aggregate principal
26 amount payable thereunder is greater than an amount to be established
27 from time to time by the state finance committee or participate in a
28 program providing for the issuance of certificates of participation,
29 including any contract for credit enhancement, without the prior
30 approval of the state finance committee. Except as provided in RCW
31 28B.10.022, the state finance committee shall approve the form of all
32 financing contracts or a standard format for all financing contracts.
33 The state finance committee also may:

34 (a) Consolidate existing or potential financing contracts into
35 master financing contracts with respect to property acquired by one or
36 more agencies, departments, instrumentalities of the state, the state

1 board for community and technical colleges, or a state institution of
2 higher learning; or to be acquired by another agency;

3 (b) Approve programs providing for the issuance of certificates of
4 participation in master financing contracts for the state or for other
5 agencies;

6 (c) Enter into agreements with trustees relating to master
7 financing contracts; and

8 (d) Make appropriate rules for the performance of its duties under
9 this chapter.

10 (2) In the performance of its duties under this chapter, the state
11 finance committee may consult with representatives from the department
12 of general administration, the office of financial management, and the
13 office of the chief information officer.

14 (3) With the approval of the state finance committee, the state
15 also may enter into agreements with trustees relating to financing
16 contracts and the issuance of certificates of participation.

17 (4) Except for financing contracts for real property authorized
18 under RCW 28B.10.022(4) or used for the purposes described under
19 chapter 28B.140 RCW, the state may not enter into any financing
20 contract for real property of the state without prior approval of the
21 legislature. For the purposes of this requirement, a financing
22 contract must be treated as used for real property if it is being
23 entered into by the state for the acquisition of land; the acquisition
24 of an existing building; the construction of a new building; or a major
25 remodeling, renovation, rehabilitation, or rebuilding of an existing
26 building. Prior approval of the legislature is not required under this
27 chapter for a financing contract entered into by the state under this
28 chapter for energy conservation improvements to existing buildings
29 where such improvements include: (a) Fixtures and equipment that are
30 not part of a major remodeling, renovation, rehabilitation, or
31 rebuilding of the building, or (b) other improvements to the building
32 that are being performed for the primary purpose of energy
33 conservation. Such energy conservation improvements must be determined
34 eligible for financing under this chapter by the office of financial
35 management in accordance with financing guidelines established by the
36 state treasurer, and are to be treated as personal property for the
37 purposes of this chapter.

1 (5) The state may not enter into any financing contract on behalf
2 of another agency without the approval of such a financing contract by
3 the governing body of the other agency.

4 **Sec. 3.** RCW 28B.10.022 and 2003 c 6 s 1 are each amended to read
5 as follows:

6 (1) The boards of regents of the state universities and the boards
7 of trustees of the regional universities, The Evergreen State College,
8 and the state board for community and technical colleges, are severally
9 authorized to enter into financing contracts as provided in chapter
10 39.94 RCW. Except as provided in subsection (2) of this section,
11 financing contracts shall be subject to the approval of the state
12 finance committee.

13 (2) The board of regents of a state university may enter into
14 financing contracts which are payable solely from and secured by all or
15 any component of the fees and revenues of the university derived from
16 its ownership and operation of its facilities not subject to
17 appropriation by the legislature and not constituting "general state
18 revenues," as defined in Article VIII, section 1 of the state
19 Constitution, without the prior approval of the state finance
20 committee.

21 (3) Except for financing contracts for facilities or equipment
22 described under chapter 28B.140 RCW, the board of regents shall notify
23 the state finance committee at least sixty days prior to entering into
24 such contract and provide information relating to such contract as
25 requested by the state finance committee.

26 (4) The regional universities, The Evergreen State College, and the
27 community and technical colleges may enter into financing contracts for
28 real property as defined in RCW 39.94.040(4) when the financing
29 contracts are payable solely from and secured by all or any component
30 of the fees and revenues of that college or university that are (a)
31 derived from its ownership and operation of its facilities, (b) not
32 subject to allotment under chapter 43.88 RCW, (c) not subject to
33 appropriation by the legislature, and (d) not constituting "general
34 state revenues," as defined in Article VIII, section 1 of the state
35 Constitution. Financing contracts under this subsection must be

1 approved by the state finance committee but do not require further
2 legislative authorization.

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