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**SUBSTITUTE HOUSE BILL 2613**

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**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** House Higher Education (originally sponsored by Representatives Gregerson, Zeiger, Seaquist, Haler, Morrell, Pollet, and Jenkins)

READ FIRST TIME 02/05/14.

1           AN ACT Relating to creating efficiencies for institutions of higher  
2 education; and amending RCW 28B.15.102, 42.16.010, 44.28.816, and  
3 43.88.110.

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

5           **Sec. 1.** RCW 28B.15.102 and 2013 c 23 s 53 are each amended to read  
6 as follows:

7           (1) Beginning with the 2011-12 academic year, any four-year  
8 institution of higher education that increases tuition beyond levels  
9 assumed in the omnibus appropriations act is subject to the financial  
10 aid requirements included in this section and shall remain subject to  
11 these requirements through the 2018-19 academic year.

12           (2) Beginning July 1, 2011, each four-year institution of higher  
13 education that raises tuition beyond levels assumed in the omnibus  
14 appropriations act shall, in a manner consistent with the goal of  
15 enhancing the quality of and access to their institutions, provide  
16 financial aid to offset full-time tuition fees for resident  
17 undergraduate students as follows:

18           (a) Subtract from the full-time tuition fees an amount that is  
19 equal to the maximum amount of a state need grant award that would be

1 given to an eligible student with a family income at or below fifty  
2 percent of the state's median family income as determined by the  
3 student achievement council; and

4 (b) Offset the remainder as follows:

5 (i) Students with demonstrated need whose family incomes are at or  
6 below fifty percent of the state's median family income shall receive  
7 financial aid equal to one hundred percent of the remainder if an  
8 institution's full-time tuition fees for resident undergraduate  
9 students is five percent or greater of the state's median family income  
10 for a family of four as provided by the student achievement council;

11 (ii) Students with demonstrated need whose family incomes are  
12 greater than fifty percent and no more than seventy percent of the  
13 state's median family income shall receive financial aid equal to  
14 seventy-five percent of the remainder if an institution's full-time  
15 tuition fees for resident undergraduate students is ten percent or  
16 greater of the state's median family income for a family of four as  
17 provided by the student achievement council;

18 (iii) Students with demonstrated need whose family incomes exceed  
19 seventy percent and are less than one hundred percent of the state's  
20 median family income shall receive financial aid equal to fifty percent  
21 of the remainder if an institution's full-time tuition fees for  
22 resident undergraduate students is fifteen percent or greater of the  
23 state's median family income for a family of four as provided by the  
24 student achievement council; and

25 (iv) Students with demonstrated need whose family incomes are at or  
26 exceed one hundred percent and are no more than one hundred twenty-five  
27 percent of the state's median family income shall receive financial aid  
28 equal to twenty-five percent of the remainder if an institution's  
29 full-time tuition fees for resident undergraduate students is twenty  
30 percent or greater of the state's median family income for a family of  
31 four as provided by the student achievement council.

32 (3) The financial aid required in subsection (2) of this section  
33 shall:

34 (a) Be reduced by the amount of other financial aid awards, not  
35 including the state need grant;

36 (b) Be prorated based on credit load; and

37 (c) Only be provided to students up to demonstrated need.

38 (4) Financial aid sources and methods may be:

1 (a) Tuition revenue or locally held funds;

2 (b) Tuition waivers created by a four-year institution of higher  
3 education for the specific purpose of serving low and middle-income  
4 students; or

5 (c) Local financial aid programs.

6 (5) Use of tuition waivers as specified in subsection (4)(b) of  
7 this section shall not be included in determining total state tuition  
8 waiver authority as defined in RCW 28B.15.910.

9 (6) By (~~August 15, 2012, and August 15th~~) December 31st every  
10 year (~~thereafter~~), four-year institutions of higher education that  
11 increase tuition beyond levels assumed in the omnibus appropriations  
12 act after January 1, 2011, shall report to the governor and relevant  
13 committees of the legislature on the effectiveness of the various  
14 sources and methods of financial aid in mitigating tuition increases.  
15 A key purpose of these reports is to provide information regarding the  
16 results of the decision to grant tuition-setting authority to the four-  
17 year institutions of higher education and whether tuition setting  
18 authority should continue to be granted to the institutions or revert  
19 back to the legislature after consideration of the impacts on students,  
20 including educational access, affordability, and quality. These  
21 reports shall include:

22 (a) The amount of (~~additional~~) financial aid provided to middle-  
23 income and low-income resident students with demonstrated need in the  
24 aggregate and per student;

25 (b) An itemization of the sources and methods of financial aid  
26 provided by the four-year institution of higher education in the  
27 aggregate and per student for resident undergraduate students;

28 (c) An analysis of the combined impact of federal tuition tax  
29 credits and financial aid provided by the institution of higher  
30 education on the net cost to students and their families resulting from  
31 tuition increases;

32 (d) In cases where tuition increases are greater than those assumed  
33 in the omnibus appropriations act at any four-year institution of  
34 higher education, the institution must include an explanation in its  
35 report of why this increase was necessary and how the institution will  
36 mitigate the effects of the increase. The institution must include in  
37 this section of its report a plan and specific timelines; and

1 (e) An analysis of changes in resident student enrollment patterns,  
2 participation rates, graduation rates, and debt load, by race and  
3 ethnicity, gender, state and county of origin, age, and socioeconomic  
4 status, and a plan to mitigate effects of reduced diversity due to  
5 tuition increases. This analysis shall include disaggregated data for  
6 resident students in the following income brackets:

7 (i) Up to seventy percent of the median family income;

8 (ii) Between seventy-one percent and one hundred twenty-five  
9 percent of the median family income; and

10 (iii) Above one hundred twenty-five percent of the median family  
11 income.

12 (7) Beginning in the 2012-13 academic year, the University of  
13 Washington shall enroll during each academic year at least the same  
14 number of resident first-year undergraduate students at the Seattle  
15 campus, as defined in RCW 28B.15.012, as enrolled during the 2009-10  
16 academic year. This requirement shall not apply to nonresident  
17 undergraduate and graduate and professional students.

18 **Sec. 2.** RCW 42.16.010 and 2011 1st sp.s. c 43 s 446 are each  
19 amended to read as follows:

20 (1) Except as provided otherwise in subsections (2) and (3) of this  
21 section, all state officers and employees shall be paid for services  
22 rendered from the first day of the month through the fifteenth day of  
23 the month and for services rendered from the sixteenth day of the month  
24 through the last calendar day of the month. Paydates for these two pay  
25 periods shall be established by the director of financial management  
26 through the administrative hearing process and the official paydates  
27 shall be established six months prior to the beginning of each  
28 subsequent calendar year. Under no circumstance shall the paydate be  
29 established more than ten days after the pay period in which the wages  
30 are earned except when the designated paydate falls on Sunday, in which  
31 case the paydate shall not be later than the following Monday. Payment  
32 shall be deemed to have been made by the established paydates if: (a)  
33 The salary warrant is available at the geographic work location at  
34 which the warrant is normally available to the employee; or (b) the  
35 salary has been electronically transferred into the employee's account  
36 at the employee's designated financial institution; or (c) the salary  
37 warrants are mailed at least two days before the established paydate

1 for those employees engaged in work in remote or varying locations from  
2 the geographic location at which the payroll is prepared, provided that  
3 the employee has requested payment by mail.

4 The office of financial management shall develop the necessary  
5 policies and operating procedures to assure that all remuneration for  
6 services rendered including basic salary, shift differential, standby  
7 pay, overtime, penalty pay, salary due based on contractual agreements,  
8 and special pay provisions, as provided for by law, agency policy or  
9 rule, or contract, shall be available to the employee on the designated  
10 payday. Overtime, penalty pay, and special pay provisions may be paid  
11 by the next following payday if the postponement of payment is  
12 attributable to: The employee's not making a timely or accurate report  
13 of the facts which are the basis for the payment, or the employer's  
14 lack of reasonable opportunity to verify the claim.

15 Compensable benefits payable because of separation from state  
16 service shall be paid with the earnings for the final period worked  
17 unless the employee separating has not provided the agency with the  
18 proper notification of intent to terminate.

19 One-half of the employee's basic monthly salary shall be paid in  
20 each pay period. Employees paid on an hourly basis or employees who  
21 work less than a full pay period shall be paid for actual salary  
22 earned.

23 (2) Subsection (1) of this section shall not apply in instances  
24 where it would conflict with contractual rights or, with the approval  
25 of the office of financial management, to short-term, intermittent,  
26 noncareer state employees, to student employees of institutions of  
27 higher education, to national or state guard members participating in  
28 state active duty, and to liquor control agency managers who are paid  
29 a percentage of monthly liquor sales.

30 (3) When a national or state guard member is called to participate  
31 in state active duty, the payday shall be no more than seven days  
32 following completion of duty or the end of the pay period, whichever is  
33 first. When the seventh day falls on Sunday, the payday shall not be  
34 later than the following Monday. This subsection shall apply only to  
35 the pay a national or state guard member receives from the military  
36 department for state active duty.

37 (4) Notwithstanding subsections (1) and (2) of this section, a  
38 bargained contract at an institution of higher education may include a

1 provision for paying part-time academic employees on a pay schedule  
2 that coincides with all the paydays used for full-time academic  
3 employees.

4 (5)(a) Notwithstanding subsections (1), (2), and (4) of this  
5 section, an institution of higher education as defined in RCW  
6 28B.10.016 may pay its employees for services rendered biweekly, in pay  
7 periods consisting of two consecutive seven calendar-day weeks. The  
8 paydate for each pay period shall be seven calendar days after the end  
9 of the pay period. Under no circumstance may the paydate be  
10 established more than seven days after the pay period in which the  
11 wages are earned except that when the designated paydate falls on a  
12 holiday, the paydate shall not be later than the following Monday.

13 (b) Employees on a biweekly payroll cycle under this subsection (5)  
14 who are paid a salary may receive a prorated amount of their annualized  
15 salary each pay period. The prorated amount must be proportional to  
16 the number of pay periods worked in the calendar year. Employees on a  
17 biweekly payroll cycle under this subsection (5) who are paid hourly,  
18 or who work less than a full pay period may be paid the actual salary  
19 amount earned during the pay period.

20 (c) Each institution that adopts a biweekly pay schedule under this  
21 subsection (5) must establish, publish, and notify the director of the  
22 office of financial management of the official paydates six months  
23 before the beginning of each subsequent calendar year.

24 (6) Notwithstanding subsections (1), (2), and (4) of this section,  
25 academic employees at institutions of higher education as defined in  
26 RCW 28B.10.016 whose employment appointments are less than twelve  
27 months may have their salaries prorated in such a way that coincides  
28 with the paydays used for full-time employees.

29 **Sec. 3.** RCW 44.28.816 and 2011 1st sp.s. c 10 s 31 are each  
30 amended to read as follows:

31 (1) During calendar year 2018, the joint committee shall complete  
32 a systemic performance audit of the tuition-setting authority in RCW  
33 28B.15.067 granted to the governing boards of the state universities,  
34 regional universities, and The Evergreen State College. The audit must  
35 include a separate analysis of both the authority granted in RCW  
36 28B.15.067(3) and the authority in RCW 28B.15.067(4). The purpose of

1 the audit is to evaluate the impact of institutional tuition-setting  
2 authority on student access, affordability, and ((~~institutional~~  
3 ~~quality~~)) completion.

4 (2) The audit must include an evaluation of the following outcomes  
5 for each four-year institution of higher education:

6 (a) Changes in undergraduate enrollment, retention, and graduation  
7 by race and ethnicity, gender, state and county of origin, age, and  
8 socioeconomic status;

9 (b) The impact on student transferability, particularly from  
10 Washington community and technical colleges;

11 (c) Changes in time and credits to degree;

12 (d) Changes in the number and availability of online programs and  
13 undergraduate enrollments in the programs;

14 (e) Changes in enrollments in the running start and other dual  
15 enrollment programs;

16 (f) Impacts on funding levels for state student financial aid  
17 programs;

18 (g) Any changes in the percent of students who apply for student  
19 financial aid using the free application for federal student aid  
20 (FAFSA);

21 (h) Any changes in the percent of students who apply for available  
22 tax credits;

23 (i) Information on the use of building fee revenue by fiscal or  
24 academic year; and

25 (j) Undergraduate tuition and fee rates compared to undergraduate  
26 tuition and fee rates at similar institutions in the global challenge  
27 states.

28 (3) The audit must include recommendations on whether to continue  
29 tuition-setting authority beyond the 2018-19 academic year.

30 (4) In conducting the audit, the auditor shall solicit input from  
31 key higher education stakeholders, including but not limited to  
32 students and their families, faculty, and staff. To the maximum extent  
33 possible, data for the University of Washington and Washington State  
34 University shall be disaggregated by branch campus.

35 (5) The auditor shall report findings and recommendations to the  
36 appropriate committees of the legislature by December 15, 2018.

37 (6) This section expires December 31, 2018.

1       **Sec. 4.** RCW 43.88.110 and 2009 c 518 s 3 are each amended to read  
2 as follows:

3       This section sets forth the expenditure programs and the allotment  
4 and reserve procedures to be followed by the executive branch for  
5 public funds.

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

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

13       (3) Within forty-five days after the beginning of the fiscal period  
14 or within forty-five days after the governor signs the omnibus biennial  
15 appropriations act, whichever is later, all agencies shall submit to  
16 the governor a statement of proposed expenditures at such times and in  
17 such form as may be required by the governor.

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

21       (a) Appropriations made for capital projects including  
22 transportation projects;

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

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

26       (d) Comparisons of estimated construction start and completion  
27 dates with actual dates;

28       (e) Documentation of fund shifts between projects.

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

32       (5) The office of financial management, prior to approving  
33 allotments for major capital construction projects valued over five  
34 million dollars, with the exception of projects at institutions of  
35 higher education as defined in RCW 28B.10.016, which may be valued up  
36 to ten million dollars, shall institute procedures for reviewing such  
37 projects at the predesign stage that will reduce long-term costs and



1 increase facility efficiency. The procedures shall include, but not be  
2 limited to, the following elements:

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

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

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

9 (6) No expenditure may be incurred or obligation entered into for  
10 such major capital construction projects including, without exception,  
11 land acquisition, site development, predesign, design, construction,  
12 and equipment acquisition and installation, until the allotment of the  
13 funds to be expended has been approved by the office of financial  
14 management. This limitation does not prohibit the continuation of  
15 expenditures and obligations into the succeeding biennium for projects  
16 for which allotments have been approved in the immediate prior  
17 biennium.

18 (7) If at any time during the fiscal period the governor projects  
19 a cash deficit in a particular fund or account as defined by RCW  
20 43.88.050, the governor shall make across-the-board reductions in  
21 allotments for that particular fund or account so as to prevent a cash  
22 deficit, unless the legislature has directed the liquidation of the  
23 cash deficit over one or more fiscal periods. Except for the  
24 legislative and judicial branches and other agencies headed by elective  
25 officials, the governor shall review the statement of proposed  
26 operating expenditures for reasonableness and conformance with  
27 legislative intent. The governor may request corrections of proposed  
28 allotments submitted by the legislative and judicial branches and  
29 agencies headed by elective officials if those proposed allotments  
30 contain significant technical errors. Once the governor approves the  
31 proposed allotments, further revisions may at the request of the office  
32 of financial management or upon the agency's initiative be made on a  
33 quarterly basis and must be accompanied by an explanation of the  
34 reasons for significant changes. However, changes in appropriation  
35 level authorized by the legislature, changes required by across-the-  
36 board reductions mandated by the governor, changes caused by executive  
37 increases to spending authority, and changes caused by executive  
38 decreases to spending authority for failure to comply with the

1 provisions of chapter 36.70A RCW may require additional revisions.  
2 Revisions shall not be made retroactively. However, the governor may  
3 assign to a reserve status any portion of an agency appropriation  
4 withheld as part of across-the-board reductions made by the governor  
5 and any portion of an agency appropriation conditioned on a contingent  
6 event by the appropriations act. The governor may remove these amounts  
7 from reserve status if the across-the-board reductions are subsequently  
8 modified or if the contingent event occurs. The director of financial  
9 management shall enter approved statements of proposed expenditures  
10 into the state budgeting, accounting, and reporting system within  
11 forty-five days after receipt of the proposed statements from the  
12 agencies. If an agency or the director of financial management is  
13 unable to meet these requirements, the director of financial management  
14 shall provide a timely explanation in writing to the legislative fiscal  
15 committees.

16 (8) It is expressly provided that all agencies shall be required to  
17 maintain accounting records and to report thereon in the manner  
18 prescribed in this chapter and under the regulations issued pursuant to  
19 this chapter. Within ninety days of the end of the fiscal year, all  
20 agencies shall submit to the director of financial management their  
21 final adjustments to close their books for the fiscal year. Prior to  
22 submitting fiscal data, written or oral, to committees of the  
23 legislature, it is the responsibility of the agency submitting the data  
24 to reconcile it with the budget and accounting data reported by the  
25 agency to the director of financial management.

26 (9) The director of financial management may exempt certain public  
27 funds from the allotment controls established under this chapter if it  
28 is not practical or necessary to allot the funds. Allotment control  
29 exemptions expire at the end of the fiscal biennium for which they are  
30 granted. The director of financial management shall report any  
31 exemptions granted under this subsection to the legislative fiscal  
32 committees.

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