

SENATE BILL REPORT

SB 6409

As Reported by Senate Committee On:
Higher Education, February 4, 2016
Ways & Means, February 9, 2016

Title: An act relating to administrative efficiencies in Washington state public higher education.

Brief Description: Creating administrative efficiencies for institutions of higher education.

Sponsors: Senators Bailey, Frockt, Braun, Becker, Carlyle and Chase; by request of Council of Presidents.

Brief History:

Committee Activity: Higher Education: 2/02/16, 2/04/16 [DPA-WM, DNP].
Ways & Means: 2/08/16, 2/09/16 [DPS, 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; Baumgartner, Vice Chair; Frockt, Ranking Member; Becker, Carlyle and Liias.

Minority Report: Do not pass.

Signed by Senator Miloscia.

Staff: Clint McCarthy (786-7319)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6409 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Billig, Brown, Conway, Darneille, Hewitt, Nelson, O'Ban, Padden, Parlette, Pedersen, Rolfes, Schoesler and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senator Hasegawa.

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.

Staff: Richard Ramsey (786-7412)

Background: Art in Public Places. The Art in Public Places program, also known as the "one-half of one percent program," is administered by the Washington State Arts Commission (AC). State agencies and public schools must allocate one-half of one percent (0.5 percent) of any moneys appropriated for original construction, and higher education institutions must allocate one-half of one percent of moneys appropriated for original construction or major renovation projects costing more than \$200,000. The funds generated from the program are set aside for the acquisition of new artwork through the Arts Commission. Works of art purchased through the program are generally displayed within the building project or nearby grounds of the project that generated the funding.

Capital Budget. The capital budget includes appropriations for the construction and repair of institutions of higher education and other capital facilities and programs.

Minor works appropriations in the capital budget are lump-sum appropriations to cover smaller preservation and programmatic projects that are similar in nature and cost less than \$1 million for most state agencies or less than \$2 million for higher education institutions. Typically minor works projects are completed within one biennium.

Cost estimates are decision-making tools that must be submitted to the Office of Financial Management (OFM) in the biennial capital budget development process for all major capital projects that exceed \$5 million. Cost estimates provide detailed information regarding estimated costs for such project components as acquisition, consultant services, construction, equipment, and project management. These detailed cost estimates are used to make funding decisions in developing the capital budget.

Procurement and purchasing. The Department of Enterprise Services (DES) establishes rules and requirements for the purchasing activities of all state agencies, including the institutions of higher education. Generally, agencies must follow rules on competitive bidding, reporting, and training. Exceptions to the general rules on competitive bidding are made for certain contracts, including "sole source" contracts.

Institutions of higher education may choose to manage competitive purchasing procedures independent of the DES purchasing procedures for commodities. Institutions that exercise independent purchasing authority must notify the DES and the DES is not required to provide those services for the institution for the duration of the DES contract term for that commodity.

Employees in charge of procurement within the agencies must receive training. The DES oversees the training and certification program for procurement and contracting.

Research records. Various state and federal laws govern the release of records containing individual identifying information. For the purposes of releasing records for research, state law allows agencies to give a researcher access to individual identifying records without consent of the individual only if certain requirements are met. The requirements include the researcher signing a confidentiality agreement and the agency reviewing the purpose of the

request and determining whether the research can be reasonably accomplished without disclosure of individually identifying information.

Summary of Bill (Recommended Substitute): Art in Public Places. An institution of higher education may expend up to 10 percent of the one-half of one percent during the design phase of a project, in order to integrate the art in the building design. The one-half of one percent to be expended by the Arts Commission must be adjusted downward by the amount expended by the institution during the design phase of the project.

Capital Budget. The minor works project threshold for higher education institutions is raised from \$2 million to \$5 million.

Procurement and contracting. Institutions of higher education that exercise independent purchasing authority for commodities are not required to notify the DES.

The institutions may develop independent training or certification programs, or both, to ensure consistency in procurement practices. Each institution exercising its authority to develop independent training or certification must require employees responsible for procurement to complete the training or certification program.

Research records. Institutions of higher education are exempted from the laws governing the release of individually identifying records for research purposes.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): Eliminates changing the capital project threshold for detailed costs estimates to \$10 million. Restores the requirement for institutions to report and justify sole source contracts to the Department of Enterprise Services (DES). Restores the requirement for institutions to annually submit a list to DES of all contracts the institutions have entered into or have had renewed.

EFFECT OF CHANGES MADE BY HIGHER EDUCATION COMMITTEE (Recommended Amendments): Restores the requirement for institutions of higher learning to report and justify sole source contracts to DES. Restores the requirement for institutions of higher learning to annually submit a list of all contracts the institutions have entered into or have had renewed.

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: Creating this bill has been a multi biennial process. It has been developed in a bipartisan effort. The efficiencies will result in less time being spent on reporting requirements. This will help streamline the capital budgeting processes. The construction caps were set in the

1990s and need to be updated for inflation. Inflation has resulted in many minor works projects having to go through a lengthy procurement process.

CON: Eliminating reporting requirements removes transparency and the public's right to know how much the state universities are paying for goods and services in sections 4,5, and 7.

Persons Testifying on Original Bill (Higher Education): PRO: Cody Eccles, Council of Presidents; John Hurley, The Evergreen State College; Maddy Thompson, Washington Student Achievement Council.

CON: Alia Griffing, WA Federation of State Employees.

Persons Signed In To Testify But Not Testifying on Original Bill: No one.

Staff Summary of Public Testimony on Recommended Amendments (Ways & Means):

PRO: It makes sense to incorporate the art projects into the design process. This can prove constructive for artists, the Art Commission and the higher education institution.

The minor works threshold has not been adjusted since 1997. The Council of Presidents has been working with the Office of Financial Management and recommends deleting the changes to the threshold for preparing detailed cost estimates for projects.

Persons Testifying on Recommended Amendments (Ways & Means): PRO: Karen Hanan, WA State Arts Commission; Cody Eccles, Council of Presidents

Persons Signed In To Testify But Not Testifying on Recommended Amendments: No one.