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## Higher Education Committee

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### SSB 6493

**Brief Description:** Increasing transparency and accountability for intercollegiate athletic programs.

**Sponsors:** Senate Committee on Higher Education & Workforce Development (originally sponsored by Senators Billig, Palumbo, Ranker, Carlyle, Hasegawa and Kuderer).

#### Brief Summary of Substitute Bill

- Requires Boards of Trustees or Regents (Board) of institutions of higher education to approve in open public meetings the annual budgets for their intercollegiate programs in advance of any expenditures for the fiscal year.
- Requires that if an institution's intercollegiate athletic programs operate at a deficit, the Board must approve a plan to reduce operating deficits, post the plan and fiscal statements on its website, and, with certain exceptions, approve in advance transfers or expenditures exceeding \$250,000 that was not included in the annual budget.

**Hearing Date:** 2/21/18

**Staff:** Trudes Tango (786-7384).

#### **Background:**

##### Intercollegiate Athletic Programs.

Funding appropriated in the operating budget is not permitted to be used to support intercollegiate athletics programs at the institutions of higher education. Some Washington institutions of higher education, dedicate a portion of their service and activities fees to intercollegiate athletics. Additional sources of revenue include tuition, private fundraising, ticket sales, sponsorship contracts, and media contracts.

The size and scope of athletic budgets vary across the programs and the divisions that each of the programs compete in. For example, the budgets for the Division I-A programs at the University of Washington exceeded \$100 million in 2017, and for Washington State University the budget

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was near \$70 million. Eastern Washington University, a Division I-AA program, spent just under \$10 million on athletics in 2017. Central Washington University, a Division II athletic program, had an athletic budget of under \$5 million in 2017. The remaining institutions of higher education spend less than \$1.25 million in the annual operation of athletic programs.

#### Open Public Meetings.

Educational institutions are considered "public agencies" subject to the Open Public Meetings Act (OPMA). Under the OPMA, public agencies may not adopt any ordinance, resolution, rule, regulation, order, or directive except in an open public meeting.

#### **Summary of Bill:**

The Board of Trustees or Regents (Board) of each of the state's colleges and universities must approve, in an open public meeting, the annual budget for its programs for intercollegiate athletic competition before any expenditure for that fiscal year.

If a college or university's program experiences an operating deficit at the end of any fiscal year, the Board must:

- approve a plan for how the program will reduce operating deficits in future fiscal years;
- conspicuously post to the college or university website the financial statements of the program for the three prior fiscal years and the plan to reduce operating deficits. Public records requests for copies of the program's financial statements or plan must be at no cost to the requester;
- approve in advance any transfer of funds exceeding \$250,000; and
- approve in advance, in an open public meeting, any expenditure over \$250,000 that was not included in the approved annual budget.

Approval of an expenditure may occur at the next regularly scheduled Board meeting after the expenditure is made, if the expenditure is:

- time sensitive and the net fiscal impact of the expenditure results in a direct revenue gain to the program; or
- required to meet an immediate public safety.

"Operating deficit" means the amount by which the aggregate operating costs of the programs exceeds the aggregated receipts and revenue directly generated by the programs in the fiscal year.

"Operating costs" means all direct and indirect costs to operate the programs including the value of any costs that are typically charged to departments but have been waived by the college or university. Waived costs include, but are not limited to, the value of tuition waivers for student athletes and any internal or central service costs not charged to the programs.

"Expenditure" means any discrete purchase, payment, contract amendment, or expense, unless that expenditure is required to meet an immediate public safety need.

**Appropriation:** None.

**Fiscal Note:** Requested on February 15, 2018.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.