

SHB 2613 - S COMM AMD
By Committee on Higher Education

ADOPTED 03/07/2014

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 28B.15.102 and 2013 c 23 s 53 are each amended to
4 read as follows:

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

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

16 (a) Subtract from the full-time tuition fees an amount that is
17 equal to the maximum amount of a state need grant award that would be
18 given to an eligible student with a family income at or below fifty
19 percent of the state's median family income as determined by the
20 student achievement council; and

21 (b) Offset the remainder as follows:

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

28 (ii) Students with demonstrated need whose family incomes are
29 greater than fifty percent and no more than seventy percent of the
30 state's median family income shall receive financial aid equal to

1 seventy-five percent of the remainder if an institution's full-time
2 tuition fees for resident undergraduate students is ten percent or
3 greater of the state's median family income for a family of four as
4 provided by the student achievement council;

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

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

19 (3) The financial aid required in subsection (2) of this section
20 shall:

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

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

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

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

26 (a) Tuition revenue or locally held funds;

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

30 (c) Local financial aid programs.

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

34 (6) By (~~August 15, 2012, and August 15th~~) December 31st every
35 year (~~thereafter~~), four-year institutions of higher education that
36 increase tuition beyond levels assumed in the omnibus appropriations
37 act after January 1, 2011, shall report to the governor and relevant
38 committees of the legislature on the effectiveness of the various

1 sources and methods of financial aid in mitigating tuition increases.
2 A key purpose of these reports is to provide information regarding the
3 results of the decision to grant tuition-setting authority to the four-
4 year institutions of higher education and whether tuition setting
5 authority should continue to be granted to the institutions or revert
6 back to the legislature after consideration of the impacts on students,
7 including educational access, affordability, and quality. These
8 reports shall include:

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

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

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

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

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

- 31 (i) Up to seventy percent of the median family income;
- 32 (ii) Between seventy-one percent and one hundred twenty-five
33 percent of the median family income; and
- 34 (iii) Above one hundred twenty-five percent of the median family
35 income.

36 (7) Beginning in the 2012-13 academic year, the University of
37 Washington shall enroll during each academic year at least the same
38 number of resident first-year undergraduate students at the Seattle

1 campus, as defined in RCW 28B.15.012, as enrolled during the 2009-10
2 academic year. This requirement shall not apply to nonresident
3 undergraduate and graduate and professional students.

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

6 (1) Except as provided otherwise in subsections (2) and (3) of this
7 section, all state officers and employees shall be paid for services
8 rendered from the first day of the month through the fifteenth day of
9 the month and for services rendered from the sixteenth day of the month
10 through the last calendar day of the month. Paydates for these two pay
11 periods shall be established by the director of financial management
12 through the administrative hearing process and the official paydates
13 shall be established six months prior to the beginning of each
14 subsequent calendar year. Under no circumstance shall the paydate be
15 established more than ten days after the pay period in which the wages
16 are earned except when the designated paydate falls on Sunday, in which
17 case the paydate shall not be later than the following Monday. Payment
18 shall be deemed to have been made by the established paydates if: (a)
19 The salary warrant is available at the geographic work location at
20 which the warrant is normally available to the employee; or (b) the
21 salary has been electronically transferred into the employee's account
22 at the employee's designated financial institution; or (c) the salary
23 warrants are mailed at least two days before the established paydate
24 for those employees engaged in work in remote or varying locations from
25 the geographic location at which the payroll is prepared, provided that
26 the employee has requested payment by mail.

27 The office of financial management shall develop the necessary
28 policies and operating procedures to assure that all remuneration for
29 services rendered including basic salary, shift differential, standby
30 pay, overtime, penalty pay, salary due based on contractual agreements,
31 and special pay provisions, as provided for by law, agency policy or
32 rule, or contract, shall be available to the employee on the designated
33 paydate. Overtime, penalty pay, and special pay provisions may be paid
34 by the next following paydate if the postponement of payment is
35 attributable to: The employee's not making a timely or accurate report
36 of the facts which are the basis for the payment, or the employer's
37 lack of reasonable opportunity to verify the claim.

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

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

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

16 (3) When a national or state guard member is called to participate
17 in state active duty, the paydate shall be no more than seven days
18 following completion of duty or the end of the pay period, whichever is
19 first. When the seventh day falls on Sunday, the paydate shall not be
20 later than the following Monday. This subsection shall apply only to
21 the pay a national or state guard member receives from the military
22 department for state active duty.

23 (4) Notwithstanding subsections (1) and (2) of this section, a
24 bargained contract at an institution of higher education may include a
25 provision for paying part-time academic employees on a pay schedule
26 that coincides with all the paydays used for full-time academic
27 employees.

28 (5)(a) Notwithstanding subsections (1), (2), and (4) of this
29 section, an institution of higher education as defined in RCW
30 28B.10.016 may pay its employees for services rendered biweekly, in pay
31 periods consisting of two consecutive seven calendar-day weeks. The
32 paydate for each pay period shall be seven calendar days after the end
33 of the pay period. Under no circumstance may the paydate be
34 established more than seven days after the pay period in which the
35 wages are earned except that when the designated paydate falls on a
36 holiday, the paydate shall not be later than the following Monday.

37 (b) Employees on a biweekly payroll cycle under this subsection (5)
38 who are paid a salary may receive a prorated amount of their annualized

1 salary each pay period. The prorated amount must be proportional to
2 the number of pay periods worked in the calendar year. Employees on a
3 biweekly payroll cycle under this subsection (5) who are paid hourly,
4 or who work less than a full pay period may be paid the actual salary
5 amount earned during the pay period.

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

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

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

17 (1) During calendar year 2018, the joint committee shall complete
18 a systemic performance audit of the tuition-setting authority in RCW
19 28B.15.067 granted to the governing boards of the state universities,
20 regional universities, and The Evergreen State College. The audit must
21 include a separate analysis of both the authority granted in RCW
22 28B.15.067(3) and the authority in RCW 28B.15.067(4). The purpose of
23 the audit is to evaluate the impact of institutional tuition-setting
24 authority on student access, affordability, and ((~~institutional~~
25 ~~quality~~)) completion.

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

28 (a) Changes in undergraduate enrollment, retention, and graduation
29 by race and ethnicity, gender, state and county of origin, age, and
30 socioeconomic status;

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

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

34 (d) Changes in the number and availability of online programs and
35 undergraduate enrollments in the programs;

36 (e) Changes in enrollments in the running start and other dual
37 enrollment programs;

1 (f) Impacts on funding levels for state student financial aid
2 programs;

3 (g) Any changes in the percent of students who apply for student
4 financial aid using the free application for federal student aid
5 (FAFSA);

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

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

10 (j) Undergraduate tuition and fee rates compared to undergraduate
11 tuition and fee rates at similar institutions in the global challenge
12 states.

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

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

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

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

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

25 This section sets forth the expenditure programs and the allotment
26 and reserve procedures to be followed by the executive branch for
27 public funds.

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

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

35 (3) Within forty-five days after the beginning of the fiscal period
36 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) If at any time during the fiscal period the governor projects
5 a cash deficit in a particular fund or account as defined by RCW
6 43.88.050, the governor shall make across-the-board reductions in
7 allotments for that particular fund or account so as to prevent a cash
8 deficit, unless the legislature has directed the liquidation of the
9 cash deficit over one or more fiscal periods. Except for the
10 legislative and judicial branches and other agencies headed by elective
11 officials, the governor shall review the statement of proposed
12 operating expenditures for reasonableness and conformance with
13 legislative intent. The governor may request corrections of proposed
14 allotments submitted by the legislative and judicial branches and
15 agencies headed by elective officials if those proposed allotments
16 contain significant technical errors. Once the governor approves the
17 proposed allotments, further revisions may at the request of the office
18 of financial management or upon the agency's initiative be made on a
19 quarterly basis and must be accompanied by an explanation of the
20 reasons for significant changes. However, changes in appropriation
21 level authorized by the legislature, changes required by across-the-
22 board reductions mandated by the governor, changes caused by executive
23 increases to spending authority, and changes caused by executive
24 decreases to spending authority for failure to comply with the
25 provisions of chapter 36.70A RCW may require additional revisions.
26 Revisions shall not be made retroactively. However, the governor may
27 assign to a reserve status any portion of an agency appropriation
28 withheld as part of across-the-board reductions made by the governor
29 and any portion of an agency appropriation conditioned on a contingent
30 event by the appropriations act. The governor may remove these amounts
31 from reserve status if the across-the-board reductions are subsequently
32 modified or if the contingent event occurs. The director of financial
33 management shall enter approved statements of proposed expenditures
34 into the state budgeting, accounting, and reporting system within
35 forty-five days after receipt of the proposed statements from the
36 agencies. If an agency or the director of financial management is
37 unable to meet these requirements, the director of financial management

1 shall provide a timely explanation in writing to the legislative fiscal
2 committees.

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

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

20 **Sec. 5.** RCW 28B.07.050 and 2003 c 84 s 1 are each amended to read
21 as follows:

22 (1) The authority may, from time to time, issue its special
23 obligation bonds in order to carry out the purposes of this chapter and
24 to enable the authority to exercise any of the powers granted to it in
25 this chapter. The bonds shall be issued pursuant to a bond resolution
26 or trust indenture and shall be payable solely out of the special fund
27 or funds created by the authority in the bond resolution or trust
28 indenture. The special fund or funds shall be funded in whole or in
29 part from moneys paid by one or more participants for whose benefit
30 such bonds were issued and from the sources, if any, described in RCW
31 28B.07.040(9) or from the proceeds of bonds issued by the authority for
32 the purpose of refunding any outstanding bonds of the authority.

33 (2) The bonds may be secured by:

34 (a) A first lien against any unexpended proceeds of the bonds;

35 (b) A first lien against moneys in the special fund or funds
36 created by the authority for their payment;

1 (c) A first or subordinate lien against the revenue and receipts of
2 the participant or participants which revenue is derived in whole or in
3 part from the project financed by the authority;

4 (d) A first or subordinate security interest against any real or
5 personal property, tangible or intangible, of the participant or
6 participants, including, but not limited to, the project financed by
7 the authority;

8 (e) Any other real or personal property, tangible or intangible; or

9 (f) Any combination of (a) through (e) of this subsection.

10 Any security interest created against the unexpended bond proceeds
11 and against the special funds created by the authority shall be
12 immediately valid and binding against the moneys and any securities in
13 which the moneys may be invested without authority or trustee
14 possession, and the security interest shall be prior to any party
15 having any competing claim against the moneys or securities, without
16 filing or recording under Article 9A of the Uniform Commercial Code,
17 Title 62A RCW, and regardless of whether the party has notice of the
18 security interest.

19 (3) The bonds may be issued as serial bonds or as term bonds or any
20 such combination. The bonds shall bear such date or dates; mature at
21 such time or times; bear interest at such rate or rates, either fixed
22 or variable; be payable at such time or times; be in such
23 denominations; be in such form, either coupon or registered, or both;
24 carry such registration privileges; be made transferable, exchangeable,
25 and interchangeable; be payable in lawful money of the United States of
26 America at such place or places; be subject to such terms of
27 redemption; and be sold at public or private sale, in such manner, at
28 such time, and at such price as the authority shall determine. The
29 bonds shall be executed by the manual or facsimile signatures of the
30 chairperson and the authority's duly-elected secretary or its executive
31 director, and by the trustee if the authority determines to use a
32 trustee. At least one signature shall be manually subscribed. Coupon
33 bonds shall have attached interest coupons bearing the facsimile
34 signatures of the chairperson and the secretary or the executive
35 director.

36 (4) Any bond resolution, trust indenture, or agreement with a
37 participant relating to bonds issued by the authority or the financing
38 or refinancing made available by the authority may contain provisions,

1 which may be made a part of the contract with the holders or owners of
2 the bonds to be issued, pertaining to the following, among other
3 matters: (a) The security interests granted by the participant to
4 secure repayment of any amounts financed and the performance by the
5 participant of its other obligations in the financing; (b) the security
6 interests granted to the holders or owners of the bonds to secure
7 repayment of the bonds; (c) rentals, fees, and other amounts to be
8 charged, and the sums to be raised in each year through such charges,
9 and the use, investment, and disposition of the sums; (d) the
10 segregation of reserves or sinking funds, and the regulation,
11 investment, and disposition thereof; (e) limitations on the uses of the
12 project; (f) limitations on the purposes to which, or the investments
13 in which, the proceeds of the sale of any issue of bonds may be
14 applied; (g) terms pertaining to the issuance of additional parity
15 bonds; (h) terms pertaining to the incurrence of parity debt; (i) the
16 refunding of outstanding bonds; (j) procedures, if any, by which the
17 terms of any contract with bondholders may be amended or abrogated; (k)
18 acts or failures to act which constitute a default by the participant
19 or the authority in their respective obligations and the rights and
20 remedies in the event of a default; (l) the securing of bonds by a
21 pooling of leases whereby the authority may assign its rights, as
22 lessor, and pledge rents under two or more leases with two or more
23 participants, as lessees; (m) terms governing performance by the
24 trustee of its obligation; or (n) such other additional covenants,
25 agreements, and provisions as are deemed necessary, useful, or
26 convenient by the authority for the security of the holders of the
27 bonds.

28 (5) Bonds may be issued by the authority to refund other
29 outstanding authority bonds, at or prior to the maturity thereof, and
30 to pay any redemption premium with respect thereto. Bonds issued for
31 such refunding purposes may be combined with bonds issued for the
32 financing or refinancing of new projects. Pending the application of
33 the proceeds of the refunding bonds to the redemption of the bonds to
34 be redeemed, the authority may enter into an agreement or agreements
35 with a corporate trustee under RCW 28B.07.080 with respect to the
36 interim investment of the proceeds and the application of the proceeds
37 and the earnings on the proceeds to the payment of the principal of and
38 interest on, and the redemption of the bonds to be redeemed.

1 (6) All bonds and any interest coupons appertaining to the bonds
2 shall be negotiable instruments under Title 62A RCW.

3 (7) Neither the members of the authority, nor its employees or
4 agents, nor any person executing the bonds shall be liable personally
5 on the bonds or be subject to any personal liability or accountability
6 by reason of the issuance of the bonds.

7 (8) The authority may purchase its bonds with any of its funds
8 available for the purchase. The authority may hold, pledge, cancel, or
9 resell the bonds subject to and in accordance with agreements with
10 bondholders.

11 (9) At no time shall the total outstanding bonded indebtedness of
12 the authority exceed one billion five hundred million dollars."

SHB 2613 - S COMM AMD
By Committee on Higher Education

ADOPTED 03/07/2014

13 On page 1, line 2 of the title, after "education;" strike the
14 remainder of the title and insert "and amending RCW 28B.15.102,
15 42.16.010, 44.28.816, 43.88.110, and 28B.07.050."

EFFECT: The total allowable bonded indebtedness of the Washington
Higher Education Facilities Authority is increased from 1 billion
dollars to 1.5 billion dollars.

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