



# Planning and Budgeting Brief

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Date Prepared: April 29, 2009

Subject: **Enacted Legislation of Interest to the University of Washington**

## Overview

***When you have an efficient government, you have a dictatorship.*** Harry Truman

With all of its legendary inefficiencies, Olympia is definitely a democracy. Only about 20 percent of the nearly 3,000 bills introduced during the 2009 legislative session were passed, including, thankfully, some bills of importance to the UW. In particular, the University was successful in ensuring passage of measures expanding our ability to: guarantee our students studying abroad have health care coverage; invest our endowment fund for maximum benefit; and mitigate our 26 percent reduction in state funds with graduate and undergraduate tuition-setting flexibility.

At a 50 percent passage rate this session (more than double the overall average), the University's 2009 legislative agenda can be deemed an overall success. Notable exceptions to this include expanding our ability to use alternative public works contracting methods for projects funded with non-state financial sources and extending local tourism tax authority to King County for a variety of local projects including potential renovation of Husky Stadium. A summary of the University's 2009 legislative agenda is provided below.

## Enacted Bills of Interest to the UW

*Student Insurance Abroad.* Engrossed Senate Bill 5925 authorizes higher education institutions to require students to purchase insurance as a condition of participating in study or research abroad programs.

*Extending Non-Resident and Graduate/Professional Tuition Setting Authority.* Substitute Senate Bill 5734 extends the ability of higher education regents and trustees to set tuition rates for graduate, professional and non-resident students through June 30, 2013. This authority, originally granted in 2003, would have expired this fiscal year without passage of this legislation. The bill also calls for a major, systemic performance audit of the public baccalaureate institutions by the Joint Legislative Audit and Review Committee.

*Regarding Resident Undergraduate Tuition.* Substitute House Bill 2344 suspends the 7 percent cap on increases for resident undergraduate tuition and allows the Legislature to set tuition as part of the operating budget for the next two years. In addition, the Joint Legislative Audit and Review Committee is directed to conduct a performance audit of the state's four-year schools.

*Student Financial Aid.* Engrossed Second Substitute House Bill 2021 restructures state financial aid and renames all forms of financial assistance as an "Opportunity Pathway". Opportunity grants are phased out over two years and a new grant is created within State Need Grant (SNG) for place-bound students who have earned an associate degree. Institutions may use institutional aid monies for students in dual credit programs. State Work Study is also restructured. And the Higher Education Coordinating Board administers a new higher education loan program (HELP) for Washington residents in financial need (undergraduate and graduate students).

*Protecting Private Investment Information.* House Bill 1640 exempts from disclosure under the Public Records Act certain financial and commercial information relating to investments in the UW's private endowment funds. The bill will help the University maximize returns to the fund by making it easier to invest with the most successful private equity managers.



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Certificates of Participation/Bond Financing. Engrossed Substitute House Bill 2254 authorizes the University of Washington and Washington State University to use revenues available in their respective building accounts for debt service on Certificates of Participation or general revenue bonds.

UMIFA Endowment Conformity. Substitute House Bill 1119 repeals and replaces the Uniform Management of Institutional Funds Act (UMIFA) with the Uniform Prudent Management of Institutional Funds Act which provides updated and more specific guidelines for the management, investment, and expenditure of funds held by charitable institutions.

Small Works Roster. House Bill 1196 (chapter 74, Laws of 2009) raises the maximum amount allowed for use of a small works roster process from \$200,000 to \$300,000 and sets the amount requiring notification of all contractors to between \$150,000 and \$300,000.

Design Build Demonstration Projects. The Capital Projects Advisory Review Board (CPARB) monitors and evaluates the use of traditional and alternative public works contracting procedures and evaluates potential future use of other alternative contracting procedures. House Bill 1197 (chapter 75, Laws of 2009) requires CPARB to develop guidelines for the review and approval of design-build demonstration projects that include operations and maintenance services. The review committee may approve: 1) up to ten projects using design-build procedures that have total project costs between \$2 million and \$10 million, and 2) a maximum of two design-build demonstration projects that include procurement of operations and maintenance costs for more than three years. In addition, the bill expands the use of job contracting by allowing General Administration, UW, and WSU to issue job order contract work orders for the state regional universities and The Evergreen State College.

Establishing a UW Center for Human Rights. Substitute Senate Bill 5172 creates the UW Center for Human Rights to expand education opportunities in human rights, generate research, data and knowledge for public policy, and to become an academic center for human rights teaching and research.

Creating a Global Asia Institute. Substitute Senate Bill 5177 creates a Global Asia Institute within the UW Henry M. Jackson School of International Studies. The mission of the Institute is to promote the understanding of Asia and its interactions with Washington State and the world.

Public Employees' Benefits Board Eligibility. Engrossed Substitute House Bill 2245 was requested by the Governor in an effort to clarify PEBB eligibility. PEBB is authorized to establish eligibility standards with periodic reviews. The bill also establishes an 80-hour per month rule for half-time employee eligibility, and establishes a half-time rule for community and technical college faculty equivalent to the definition of part-time academic workload.

"Belt-Tightening" Trailer Bill. Early in session, the legislature passed Engrossed Substitute Senate Bill 5460 which was referred to as the "Belt-Tightening" bill. Among other things the measure freezes state and tuition-funded position openings until July 1, 2009. Positions at higher education institutions that are exempt from the freeze include those directly related to academic programs and those positions not funded from state funds or tuition. State agencies are also prohibited from granting salary or wage increases to exempt employees for the next 12 months. The bill also limits equipment purchases, out-of-state travel and training, as well as personal services contracts through July 1, 2009.

House Bill 2328 provides important exceptions to ESSB 5460. In the case of higher education, restrictions on establishing new positions or filling vacancies do not apply to "positions that are filled by enrolled students at higher



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education institutions as student workers, positions in campus police and security, positions related to emergency management and response, and positions related to student health care and counseling”. In addition, institutions of higher education may grant wage or salary increases to critical academic personnel as needed for retention purposes or for additional academic responsibilities during the summer quarter. Finally, equipment restrictions do not apply to costs that are funded exclusively from private or federal grants.

*Alternative Public Works Contracting – This bill did not pass the legislature.* Substitute Senate Bill 5760 would have broadened the authority of the UW and WSU to use alternative public works contracting processes when projects were funded with “non-state” appropriated funds. Specifically, use of the small works roster process would have been increased from \$200,000 to \$1.0 million; the threshold for using the GC/CM process would have dropped from \$10.0 million to \$1.0 million and a pre-qualification process for design bid bill projects could have been established. The measure would have resulted in important efficiencies critical to conserving local capital project resources.

*King County Excise Taxes – This bill did not pass the legislature.* Substitute Senate Bill 6116 would have created a special account in King County for purposes of tourism promotion. Projects eligible for funding would have included youth or amateur sports activities or facilities; regional centers; performing art centers; maintaining or approving publicly owned stadiums or arenas; and funding community preservation and development authorities. Allowances were also included for Yakima County and in King County if an NBA team became a factor.