
SUBSTITUTE HOUSE BILL 2755

State of Washington

64th Legislature

2016 Regular Session

By House Higher Education (originally sponsored by Representatives Zeiger, Pollet, Haler, Springer, Muri, and Hickel; by request of Council of Presidents)

READ FIRST TIME 02/05/16.

1 AN ACT Relating to administrative efficiencies in Washington
2 state public higher education; and amending RCW 28B.10.027,
3 28B.10.029, 39.26.110, 42.48.010, 43.88.030, and 43.88.110.

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

5 **Sec. 1.** RCW 28B.10.027 and 2005 c 36 s 3 are each amended to
6 read as follows:

7 (1) All universities and colleges shall allocate as a
8 nondeductible item, out of any moneys appropriated for the original
9 construction or any major renovation or remodel work exceeding two
10 hundred thousand dollars of any building, an amount of one-half of
11 one percent of the construction appropriation to be expended by the
12 Washington state arts commission with the approval of the board of
13 regents or trustees for the acquisition of works of art.

14 (2) An institution of higher education, working with the
15 Washington arts commission, may expend up to ten percent of the
16 projected art allocation for a project during the design phase in
17 order to select an artist and design art to be integrated in the
18 building design. The one-half of one percent to be expended by the
19 Washington arts commission shall be adjusted downward by the amount
20 expended by a university or college during the design phase of the
21 capital project.

1 (3) The works of art may be placed on public lands of
2 institutions of higher education, integral to or attached to a public
3 building or structure of institutions of higher education, detached
4 within or outside a public building or structure of institutions of
5 higher education, part of a portable exhibition or collection, part
6 of a temporary exhibition, or loaned or exhibited in other public
7 facilities.

8 (4) In addition to the cost of the works of art, the one-half of
9 one percent of the appropriation shall be used to provide for the
10 administration of the visual arts program, including conservation of
11 the state art collection, by the Washington state arts commission and
12 all costs for installation of the work of art. For the purpose of
13 this section building shall not include sheds, warehouses, and other
14 buildings of a temporary nature.

15 **Sec. 2.** RCW 28B.10.029 and 2015 c 79 s 1 are each amended to
16 read as follows:

17 (1)(a) An institution of higher education may, consistent with
18 RCW 28B.10.925 and 28B.10.926, exercise independently those powers
19 otherwise granted to the director of enterprise services in chapters
20 43.19 and 39.26 RCW in connection with the purchase and disposition
21 of all material, supplies, services, and equipment needed for the
22 support, maintenance, and use of the respective institution of higher
23 education.

24 (b) Property disposition policies followed by institutions of
25 higher education shall be consistent with policies followed by the
26 department of enterprise services.

27 (c)(i) Except as provided in (c)(ii) and (iii) of this subsection
28 and elsewhere as provided by law, purchasing policies and procedures
29 followed by institutions of higher education shall be in compliance
30 with chapters 39.19, 39.26, and 43.03 RCW, and RCW 43.19.1917,
31 43.19.685, and 43.19.560 through 43.19.637.

32 (ii) Institutions of higher education may use all appropriate
33 means for making and paying for travel arrangements including, but
34 not limited to, electronic booking and reservations, advance payment
35 and deposits for tours, lodging, and other necessary expenses, and
36 other travel transactions based on standard industry practices and
37 federal accountable plan requirements. Such arrangements shall
38 support student, faculty, staff, and other participants' travel, by
39 groups and individuals, both domestic and international, in the most

1 cost-effective and efficient manner possible, regardless of the
2 source of funds.

3 (iii) Formal sealed, electronic, or web-based competitive bidding
4 is not necessary for purchases or personal services contracts by
5 institutions of higher education for less than one hundred thousand
6 dollars. However, for purchases and personal services contracts of
7 ten thousand dollars or more and less than one hundred thousand
8 dollars, quotations must be secured from at least three vendors to
9 assure establishment of a competitive price and may be obtained by
10 telephone, electronic, or written quotations, or any combination
11 thereof. As part of securing the three vendor quotations,
12 institutions of higher education must invite at least one quotation
13 each from a certified minority and a certified woman-owned vendor
14 that otherwise qualifies to perform the work. A record of competition
15 for all such purchases and personal services contracts of ten
16 thousand dollars or more and less than one hundred thousand dollars
17 must be documented for audit purposes.

18 (d) Purchases under chapter 39.26, 43.19, or 43.105 RCW by
19 institutions of higher education may be made by using contracts for
20 materials, supplies, services, or equipment negotiated or entered
21 into by, for, or through group purchasing organizations.

22 (e) The community and technical colleges shall comply with RCW
23 43.19.450.

24 (f) Except for the University of Washington, institutions of
25 higher education shall comply with RCW 43.19.769, 43.19.763, and
26 43.19.781.

27 (g) If an institution of higher education can satisfactorily
28 demonstrate to the director of the office of financial management
29 that the cost of compliance is greater than the value of benefits
30 from any of the following statutes, then it shall be exempt from
31 them: RCW 43.19.685 and 43.19.637.

32 ~~((h) Any institution of higher education that chooses to
33 exercise independent purchasing authority for a commodity or group of
34 commodities shall notify the director of enterprise services.
35 Thereafter the director of enterprise services shall not be required
36 to provide those services for that institution for the duration of
37 the enterprise services contract term for that commodity or group of
38 commodities.))~~

39 (2) The council of presidents and the state board for community
40 and technical colleges shall convene its correctional industries

1 business development advisory committee, and work collaboratively
2 with correctional industries, to:

3 (a) Reaffirm purchasing criteria and ensure that quality,
4 service, and timely delivery result in the best value for expenditure
5 of state dollars;

6 (b) Update the approved list of correctional industries products
7 from which higher education shall purchase; and

8 (c) Develop recommendations on ways to continue to build
9 correctional industries' business with institutions of higher
10 education.

11 (3) Higher education and correctional industries shall develop a
12 plan to build higher education business with correctional industries
13 to increase higher education purchases of correctional industries
14 products, based upon the criteria established in subsection (2) of
15 this section. The plan shall include the correctional industries'
16 production and sales goals for higher education and an approved list
17 of products from which higher education institutions shall purchase,
18 based on the criteria established in subsection (2) of this section.
19 Higher education and correctional industries shall report to the
20 legislature regarding the plan and its implementation no later than
21 January 30, 2005.

22 (4)(a) Institutions of higher education shall set as a target to
23 contract, beginning not later than June 30, 2006, to purchase one
24 percent of the total goods and services required by the institutions
25 each year produced or provided in whole or in part from class II
26 inmate work programs operated by the department of corrections.
27 Institutions of higher education shall set as a target to contract,
28 beginning not later than June 30, 2008, to purchase two percent of
29 the total goods and services required by the institutions each year
30 produced or provided in whole or in part from class II inmate work
31 programs operated by the department of corrections.

32 (b) Institutions of higher education shall endeavor to assure the
33 department of corrections has notifications of bid opportunities with
34 the goal of meeting or exceeding the purchasing target in (a) of this
35 subsection.

36 **Sec. 3.** RCW 39.26.110 and 2012 c 224 s 12 are each amended to
37 read as follows:

38 (1) The department must provide expertise and training on best
39 practices for state procurement.

1 (2) The department must establish either training or
2 certification programs, or both, to ensure consistency in procurement
3 practices for employees authorized to perform procurement functions
4 under the provisions of this chapter. When establishing training or
5 certification programs, the department may approve existing training
6 or certification programs at state agencies. When establishing
7 programs or approving existing programs, the department shall work
8 with agencies with existing training programs to ensure coordination
9 and minimize additional costs associated with training requirements.

10 (3) Beginning July 1, 2013, state agencies must require agency
11 employees responsible for developing, executing, or managing
12 procurements or contracts, or both, to complete department-approved
13 training or certification programs, or both. Beginning July 1, 2015,
14 no agency employee may execute or manage contracts unless the
15 employee has met the training or certification requirements or both
16 as set by the department. Any request for exception to this
17 requirement must be submitted to the director for approval before the
18 employee or group of employees executes or manages contracts.

19 (4) Notwithstanding subsections (1) through (3) of this section,
20 institutions of higher education may develop independent training or
21 certification programs, or both, to ensure consistency in procurement
22 practices for employees authorized to perform procurement functions
23 under applicable state and federal laws. Each institution of higher
24 education exercising its authority to develop independent training or
25 certification programs must first submit its training and
26 certification programs to the department for review prior to
27 exercising its authority. Once authorized by the department to
28 provide independent training or certification programs, the
29 institutions of higher education must require employees responsible
30 for developing, executing, or managing procurements or contracts, or
31 both, to complete such training or certification program.

32 **Sec. 4.** RCW 42.48.010 and 2007 c 17 s 6 are each amended to read
33 as follows:

34 For the purposes of this chapter, the following definitions
35 apply:

36 (1) "Individually identifiable" means that a record contains
37 information which reveals or can likely be associated with the
38 identity of the person or persons to whom the record pertains.

1 (2) "Legally authorized representative" means a person legally
2 authorized to give consent for the disclosure of personal records on
3 behalf of a minor or a legally incompetent adult.

4 (3) "Personal record" means any information obtained or
5 maintained by a state agency which refers to a person and which is
6 declared exempt from public disclosure, confidential, or privileged
7 under state or federal law.

8 (4) "Research" means a planned and systematic sociological,
9 psychological, epidemiological, biomedical, or other scientific
10 investigation carried out by a state agency, by a scientific research
11 professional associated with a bona fide scientific research
12 organization, or by a graduate student currently enrolled in an
13 advanced academic degree curriculum, with an objective to contribute
14 to scientific knowledge, the solution of social and health problems,
15 or the evaluation of public benefit and service programs. This
16 definition excludes methods of record analysis and data collection
17 that are subjective, do not permit replication, and are not designed
18 to yield reliable and valid results.

19 (5) "Research record" means an item or grouping of information
20 obtained for the purpose of research from or about a person or
21 extracted for the purpose of research from a personal record.

22 (6) "State agency" means: (a) The department of social and health
23 services; (b) the department of corrections; (c) ~~((an institution of
24 higher education as defined in RCW 28B.10.016; (d)))~~ the department
25 of health; or ~~((e))~~ (d) the department of early learning.

26 **Sec. 5.** RCW 43.88.030 and 2006 c 334 s 43 are each amended to
27 read as follows:

28 (1) The director of financial management shall provide all
29 agencies with a complete set of instructions for submitting biennial
30 budget requests to the director at least three months before agency
31 budget documents are due into the office of financial management. The
32 budget document or documents shall consist of the governor's budget
33 message which shall be explanatory of the budget and shall contain an
34 outline of the proposed financial policies of the state for the
35 ensuing fiscal period, as well as an outline of the proposed six-year
36 financial policies where applicable, and shall describe in connection
37 therewith the important features of the budget. The biennial budget
38 document or documents shall also describe performance indicators that
39 demonstrate measurable progress towards priority results. The message

1 shall set forth the reasons for salient changes from the previous
2 fiscal period in expenditure and revenue items and shall explain any
3 major changes in financial policy. Attached to the budget message
4 shall be such supporting schedules, exhibits and other explanatory
5 material in respect to both current operations and capital
6 improvements as the governor shall deem to be useful to the
7 legislature. The budget document or documents shall set forth a
8 proposal for expenditures in the ensuing fiscal period, or six-year
9 period where applicable, based upon the estimated revenues and
10 caseloads as approved by the economic and revenue forecast council
11 and caseload forecast council or upon the estimated revenues and
12 caseloads of the office of financial management for those funds,
13 accounts, sources, and programs for which the forecast councils do
14 not prepare an official forecast. Revenues shall be estimated for
15 such fiscal period from the source and at the rates existing by law
16 at the time of submission of the budget document, including the
17 supplemental budgets submitted in the even-numbered years of a
18 biennium. However, the estimated revenues and caseloads for use in
19 the governor's budget document may be adjusted to reflect budgetary
20 revenue transfers and revenue and caseload estimates dependent upon
21 budgetary assumptions of enrollments, workloads, and caseloads. All
22 adjustments to the approved estimated revenues and caseloads must be
23 set forth in the budget document. The governor may additionally
24 submit, as an appendix to each supplemental, biennial, or six-year
25 agency budget or to the budget document or documents, a proposal for
26 expenditures in the ensuing fiscal period from revenue sources
27 derived from proposed changes in existing statutes.

28 The budget document or documents shall also contain:

29 (a) Revenues classified by fund and source for the immediately
30 past fiscal period, those received or anticipated for the current
31 fiscal period, and those anticipated for the ensuing biennium;

32 (b) The undesignated fund balance or deficit, by fund;

33 (c) Such additional information dealing with expenditures,
34 revenues, workload, performance, and personnel as the legislature may
35 direct by law or concurrent resolution;

36 (d) Such additional information dealing with revenues and
37 expenditures as the governor shall deem pertinent and useful to the
38 legislature;

39 (e) Tabulations showing expenditures classified by fund,
40 function, and agency;

1 (f) The expenditures that include nonbudgeted, nonappropriated
2 accounts outside the state treasury;

3 (g) Identification of all proposed direct expenditures to
4 implement the Puget Sound water quality plan under chapter 90.71 RCW,
5 shown by agency and in total; and

6 (h) Tabulations showing each postretirement adjustment by
7 retirement system established after fiscal year 1991, to include, but
8 not be limited to, estimated total payments made to the end of the
9 previous biennial period, estimated payments for the present
10 biennium, and estimated payments for the ensuing biennium.

11 (2) The budget document or documents shall include detailed
12 estimates of all anticipated revenues applicable to proposed
13 operating or capital expenditures and shall also include all proposed
14 operating or capital expenditures. The total of beginning
15 undesignated fund balance and estimated revenues less working capital
16 and other reserves shall equal or exceed the total of proposed
17 applicable expenditures. The budget document or documents shall
18 further include:

19 (a) Interest, amortization and redemption charges on the state
20 debt;

21 (b) Payments of all reliefs, judgments, and claims;

22 (c) Other statutory expenditures;

23 (d) Expenditures incident to the operation for each agency;

24 (e) Revenues derived from agency operations;

25 (f) Expenditures and revenues shall be given in comparative form
26 showing those incurred or received for the immediately past fiscal
27 period and those anticipated for the current biennium and next
28 ensuing biennium;

29 (g) A showing and explanation of amounts of general fund and
30 other funds obligations for debt service and any transfers of moneys
31 that otherwise would have been available for appropriation;

32 (h) Common school expenditures on a fiscal-year basis;

33 (i) A showing, by agency, of the value and purpose of financing
34 contracts for the lease/purchase or acquisition of personal or real
35 property for the current and ensuing fiscal periods; and

36 (j) A showing and explanation of anticipated amounts of general
37 fund and other funds required to amortize the unfunded actuarial
38 accrued liability of the retirement system specified under chapter
39 41.45 RCW, and the contributions to meet such amortization, stated in
40 total dollars and as a level percentage of total compensation.

1 (3) The governor's operating budget document or documents shall
2 reflect the statewide priorities as required by RCW 43.88.090.

3 (4) The governor's operating budget document or documents shall
4 identify activities that are not addressing the statewide priorities.

5 (5) A separate capital budget document or schedule shall be
6 submitted that will contain the following:

7 (a) A statement setting forth a long-range facilities plan for
8 the state that identifies and includes the highest priority needs
9 within affordable spending levels;

10 (b) A capital program consisting of proposed capital projects for
11 the next biennium and the two biennia succeeding the next biennium
12 consistent with the long-range facilities plan. Inasmuch as is
13 practical, and recognizing emergent needs, the capital program shall
14 reflect the priorities, projects, and spending levels proposed in
15 previously submitted capital budget documents in order to provide a
16 reliable long-range planning tool for the legislature and state
17 agencies;

18 (c) A capital plan consisting of proposed capital spending for at
19 least four biennia succeeding the next biennium;

20 (d) A strategic plan for reducing backlogs of maintenance and
21 repair projects. The plan shall include a prioritized list of
22 specific facility deficiencies and capital projects to address the
23 deficiencies for each agency, cost estimates for each project, a
24 schedule for completing projects over a reasonable period of time,
25 and identification of normal maintenance activities to reduce future
26 backlogs;

27 (e) A statement of the reason or purpose for a project;

28 (f) Verification that a project is consistent with the provisions
29 set forth in chapter 36.70A RCW;

30 (g) A statement about the proposed site, size, and estimated life
31 of the project, if applicable;

32 (h) Estimated total project cost;

33 (i) For major projects valued over five million dollars, with the
34 exception of projects at institutions of higher education as defined
35 in RCW 28B.10.016, which may be valued up to ten million dollars,
36 estimated costs for the following project components: Acquisition,
37 consultant services, construction, equipment, project management, and
38 other costs included as part of the project. Project component costs
39 shall be displayed in a standard format defined by the office of
40 financial management to allow comparisons between projects;

1 (j) Estimated total project cost for each phase of the project as
2 defined by the office of financial management;

3 (k) Estimated ensuing biennium costs;

4 (l) Estimated costs beyond the ensuing biennium;

5 (m) Estimated construction start and completion dates;

6 (n) Source and type of funds proposed;

7 (o) Estimated ongoing operating budget costs or savings resulting
8 from the project, including staffing and maintenance costs;

9 (p) For any capital appropriation requested for a state agency
10 for the acquisition of land or the capital improvement of land in
11 which the primary purpose of the acquisition or improvement is
12 recreation or wildlife habitat conservation, the capital budget
13 document, or an omnibus list of recreation and habitat acquisitions
14 provided with the governor's budget document, shall identify the
15 projected costs of operation and maintenance for at least the two
16 biennia succeeding the next biennium. Omnibus lists of habitat and
17 recreation land acquisitions shall include individual project cost
18 estimates for operation and maintenance as well as a total for all
19 state projects included in the list. The document shall identify the
20 source of funds from which the operation and maintenance costs are
21 proposed to be funded;

22 (q) Such other information bearing upon capital projects as the
23 governor deems to be useful;

24 (r) Standard terms, including a standard and uniform definition
25 of normal maintenance, for all capital projects;

26 (s) Such other information as the legislature may direct by law
27 or concurrent resolution.

28 For purposes of this subsection (5), the term "capital project"
29 shall be defined subsequent to the analysis, findings, and
30 recommendations of a joint committee comprised of representatives
31 from the house capital appropriations committee, senate ways and
32 means committee, legislative evaluation and accountability program
33 committee, and office of financial management.

34 (6) No change affecting the comparability of agency or program
35 information relating to expenditures, revenues, workload, performance
36 and personnel shall be made in the format of any budget document or
37 report presented to the legislature under this section or RCW
38 43.88.160(1) relative to the format of the budget document or report
39 which was presented to the previous regular session of the
40 legislature during an odd-numbered year without prior legislative

1 concurrence. Prior legislative concurrence shall consist of (a) a
2 favorable majority vote on the proposal by the standing committees on
3 ways and means of both houses if the legislature is in session or (b)
4 a favorable majority vote on the proposal by members of the
5 legislative evaluation and accountability program committee if the
6 legislature is not in session.

7 **Sec. 6.** RCW 43.88.110 and 2014 c 162 s 4 are each amended to
8 read as follows:

9 This section sets forth the expenditure programs and the
10 allotment and reserve procedures to be followed by the executive
11 branch for public funds.

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

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

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

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

27 (a) Appropriations made for capital projects including
28 transportation projects;

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

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

32 (d) Comparisons of estimated construction start and completion
33 dates with actual dates;

34 (e) Documentation of fund shifts between projects.

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

38 (5) The office of financial management, prior to approving
39 allotments for major capital construction projects valued over five

1 million dollars, with the exception of projects at institutions of
2 higher education as defined in RCW 28B.10.016, which may be valued up
3 to ten million dollars, shall institute procedures for reviewing such
4 projects at the predesign stage that will reduce long-term costs and
5 increase facility efficiency. The procedures shall include, but not
6 be limited to, the following elements:

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

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

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

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

22 (7) Minor works projects, as defined by the office of financial
23 management, may be valued up to five million dollars for institutions
24 of higher education as defined in RCW 28B.10.016.

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

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

22 ~~((+8))~~ (9) It is expressly provided that all agencies shall be
23 required to maintain accounting records and to report thereon in the
24 manner prescribed in this chapter and under the regulations issued
25 pursuant to this chapter. Within ninety days of the end of the fiscal
26 year, all agencies shall submit to the director of financial
27 management their final adjustments to close their books for the
28 fiscal year. Prior to submitting fiscal data, written or oral, to
29 committees of the legislature, it is the responsibility of the agency
30 submitting the data to reconcile it with the budget and accounting
31 data reported by the agency to the director of financial management.

32 ~~((+9))~~ (10) The director of financial management may exempt
33 certain public funds from the allotment controls established under
34 this chapter if it is not practical or necessary to allot the funds.
35 Allotment control exemptions expire at the end of the fiscal biennium
36 for which they are granted. The director of financial management
37 shall report any exemptions granted under this subsection to the
38 legislative fiscal committees.

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