
Legislative Bill Summary Community and Technical Colleges 2011 Regular Session

62ND WASHINGTON STATE LEGISLATURE

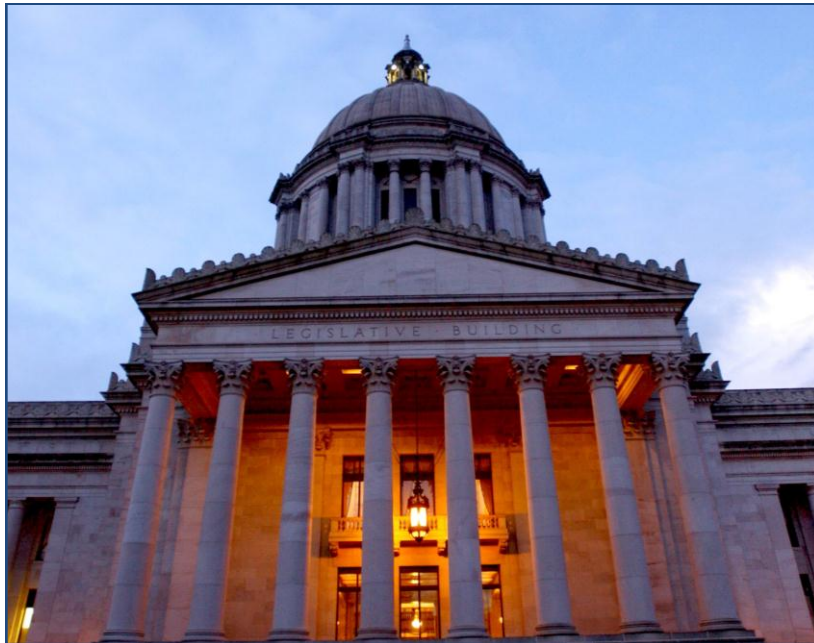


Table of Contents

Administration and Governance

E2SHB 1371 – Addressing boards and commissions	4
SHB 1663 – Removing the requirement that institutions of higher education purchase from correctional industries....	6
HB 1822 – Establishing the first nonprofit online university.....	8
E2SSB 5182 – Establishing the office of student financial assistance and the council for higher education by eliminating the higher education coordinating board and transferring its functions to various entities	10
SB 5463 – Requiring the college board to establish minimum standards for common student identifiers	12
SB 5501 – Concerning the taxation of employee meals provided without specific charge	13
2SSB 5636 – Concerning the University Center of North Puget Sound.....	15
SSB 5664 – Concerning the Lake Washington Institute of Technology	17
ESSB 5931 – Reorganizing and streamlining central service functions, powers, and duties of state government	19

Budget and Finance

ESHB 1086 – Making 2009-2011 supplemental operating appropriations.....	24
ESHB 1087 – Making 2009-2011 and 2011-2013 fiscal biennia operating appropriations	25
HB 1497 – Regarding the capital budget.....	29
ESHB 1846 – Creating the aerospace training student loan program	31
2SHB 1909 – Promoting innovation at community and technical colleges	33
HB 5181 – Concerning limitations on state debt.....	35
2SSB 5662 – Concerning preferences for in-state contractors bidding on public works	36
SSB 5749 – Regarding the Washington advanced college tuition payment (GET) program.....	37

Education and Technology

SHB 1691 – Concerning embalmers	40
SHB 1710 – Creating a strategic plan for career and technical education	42
HB 1808 – Creating the launch year program	44

Salaries, Benefits and Personnel

2SHB 1132 – Regarding reducing compensation for educational and academic employees.....	48
HB 1179 – Clarifying that public employees may attend informational or educational meetings regarding legislative issues	50
HB 1770 – Enhancing small business participation in state purchasing	52
ESHB 1981 – Addressing public employee postretirement employment and higher education employees' annuities and retirement income plans	55
HB 2021 – Limiting the annual increase amounts in the public employees' retirement system plan 1 and the teachers' retirement system plan 1	57
2ESB 5773 – Making a health savings account option and high deductible health plan option and a direct patient-provider primary care practice option available to public employees.	59
SB 5860 – Addressing state government employee compensation	61

Tuition and Student Services

SHB 1089 – Regarding instructional materials provided in a specialized format	64
HB 1163 – Creating a work group on preventing bullying, intimidation, and harassment and increasing student knowledge on mental health and youth suicide.	66
HB 1294 – Establishing the Puget Sound corps.....	69
HB 1728 – Requiring businesses where food for human consumption is sold or served to allow persons with disabilities to bring their service animals onto the business premises	71
E2SHB 1795 – Enacting the higher education opportunity act.....	73
ESHB 2088 – Creating the opportunity scholarship board to assist middle-income students and invest in high employer demand programs.....	79

Administration and Governance

**62ND WASHINGTON STATE LEGISLATURE
2011 REGULAR SESSION**

E2SHB 1371

Addressing boards and commissions

SPONSOR:	Darneille	EFFECTIVE DATE:	July 1, 2011 (except for sections 94 and 101, which take effect 90 days after adjournment; and sections 118 through 121 take effect January 1, 2012)
STATUS:	Chapter 21, 2011 Laws 1st Special Session	STAFF CONTACT:	Erin Brown

Background:

In 1994 the Legislature directed the Governor to review and submit to the Legislature every odd-numbered year a report recommending which boards and commissions should be terminated or consolidated. In making a recommendation, the Governor must consider the following:

- whether the entity completed its work and is no longer of critical significance to effective state government;
- whether the work of the group directly affects public safety, welfare, or health;
- whether the work can be done by another state agency;
- what impact termination will have on costs;
- whether the work can be done by a non-public entity;
- whether termination will result in significant loss of expertise to state government;
- whether termination will result in operational efficiencies other than fiscal; and whether the work can be done by an ad hoc committee.

The Governor is required to make appointments to boards, commissions, and other entities, including citizen member appointments to over 200 entities. In 2009 the Legislature eliminated 18 statutory boards, commissions, and similar entities, and the Governor eliminated a number of non-statutory entities by executive order. In 2010 the Legislature eliminated 45 statutory boards, commissions, and similar entities, and created 8 new statutory boards and/or similar entities.

The Office of Financial Management (OFM) sets allowances for subsistence, lodging, and travel expenses for persons who are appointed to serve on boards, commissions, or similar groups. Part-time groups are identified as class one through class five for purposes of setting any additional compensation or allowances.

In 2010 the Legislature eliminated allowances for class one through three and class five groups if the cost is funded by the State General Fund. Exceptions are permitted. Class one through three and class five groups funded by sources other than the State General Fund are encouraged to

reduce travel, lodging, and other costs. All classes were directed, if feasible, to use methods of conducting meetings that do not require members to travel and to use state facilities whenever possible for meetings that require members to physically be present.

Effect:

Elimination/Transfer/Duties/Appointment Authority:

Various general government boards and entities are eliminated and/or in some cases duties are transferred to other agencies. To view the full list of eliminations or changes:

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1371&year=2011>

General Provisions:

The fiscal year 2011 restrictions on allowances and travel are made permanent, except for restrictions on use of private facilities.

Members of boards, commissions, councils, or committees identified as Class 1 through Class 3 and Class 5 groups **or other similar group** may not receive allowances for subsistence, lodging, and travel if these costs are funded by the State General Fund. Exceptions must be approved by the OFM, the Chief Justice of the Supreme Court, and the House Chief Clerk or the Secretary of Senate, as appropriate.

Those class one through class three and class five boards, commissions, councils, or committees **or similar group** funded by sources other than the State General Fund are encouraged to reduce travel, lodging, and other costs. All classes are directed to use methods of conducting meetings that do not require members to travel.

Except under a specific law to the contrary, agencies are prohibited from entering into personal service contracts with a member of any agency board, commission, council, committee, or other group formed to advise state government for services related to work done as a member of the group.

Votes on Passage

	Yeas	Nays
House	57	38
Senate	37	5

Governor Signed, June 7, 2011

SHB 1663

Removing the requirement that institutions of higher education purchase from correctional industries

SPONSOR:	Parker	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 198, 2011 Laws PV	STAFF CONTACT:	Linda Schoonmaker

Background:

As agencies of Washington, institutions of higher education are subject to various laws related to general administration that include purchasing of equipment. Under current law higher education institutions are required to purchase material, supplies, services, and equipment from the Department of Corrections (DOC) unless an institution of higher education can satisfactorily demonstrate to the Director of the Office of Financial Management (OFM) that the cost of compliance is greater than the value of benefits.

In 2004, pursuant to Engrossed Second Substitute Senate Bill 6489, the Legislature added subsections 2 through 4 to RCW 28B.10.029. These subsections require:

- the Council of Presidents and the State Board for Community and Technical Colleges (SBCTC) to convene a correctional industries business development advisory committee and work collaboratively with correctional industries to reaffirm purchasing criteria, update the approved list of products that higher education institutions shall purchase, and develop recommendations on ways to continue to build correctional industries' business with institutions of higher education;
- development of a plan to increase higher education institution purchases from the DOC. This plan was to be submitted to the Legislature by January 30, 2005; and establish targets for purchases of 1 percent by May 30, 2006, and 2 percent by June 30, 2006.

In 2009 the OFM granted exemptions to all six public baccalaureate institutions and the SBCTC (on behalf of the community and technical colleges) from purchasing at least 2 percent of their products from correctional industries.

In 2010 an analysis conducted by the OFM found that on average, higher education institutions purchase about 9 percent of their products from correctional industries.

Effect:

Higher education institutions are no longer required to seek an exemption from the OFM with regards to purchasing from the DOC, however, they must endeavor to assure the DOC has notifications of bid opportunities with the goal of meeting or exceeding the two percent purchasing target.

Partial Veto Summary:

Section 2 of this bill is an emergency clause that is not necessary. Higher education institutions have been exceeding the minimum 2% purchase target from Correctional Industries, and there is no need for the bill to go into effect immediately.

Votes on Passage

	Yeas	Nays
House	97	0
Senate	44	5

Governor Signed, April 23, 2011

HB 1822

Establishing the first nonprofit online university

SPONSOR:	Kenney	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 146, 2011 Laws	STAFF CONTACT:	Connie Broughton

Background:

The Western Governors University (WGU) is a private, not-for-profit, online degree-granting university. The WGU offers undergraduate and graduate degree programs in business, teacher education, information technology, and health professions, including nursing. The university was founded in 1997 by a group of 19 western governors, including Governor Mike Lowry. The WGU enrolled its first student in 1999. While the WGU receives grants from state and federal agencies as well as corporations and foundations, it does not rely on direct state or federal funding for its operations.

The WGU is regionally accredited by the Northwest Commission on Colleges and Universities. The WGU is also nationally accredited by the Distance Education and Training Council, the National Council for the Accreditation of Teacher Education, the Commission for Collegiate Nursing Education, and the Commission on Accreditation for Health Informatics and Information Management Education.

The WGU degrees are competency-based rather than credit-based. Each student is assigned a mentor and graduation specialists are available to support student success.

Effect:

The Legislature expresses its intent to partner with the WGU to establish the WGU-Washington and provide enhanced access to post-secondary education for all Washington students, including dislocated workers and place bound students. The WGU-Washington is recognized as a Washington baccalaureate degree granting institution that is self-supporting.

The Higher Education Coordinating Board (HECB) may recognize and endorse online, competency-based education, work to eliminate unnecessary barriers to the delivery of online, and work with a regionally accredited not-for-profit online baccalaureate degree granting institution of higher education to integrate its academic programs and services into state policy and strategy. The HECB may work with that institution to create data-sharing processes and performance assessments. Modifications in contractual terms or relationships, changes in not-for-profit status, or any internal restructuring of the institution will require consultation and approval by the HECB. The HECB shall adopt rules for this purpose.

Votes on Passage

	Yeas	Nays
House	70	26
Senate	40	7

Governor Signed, April 22, 2011

E2SSB 5182

Establishing the office of student financial assistance and the council for higher education by eliminating the higher education coordinating board and transferring its functions to various entities

SPONSOR:	White	EFFECTIVE DATE:	August 24, 2011
STATUS:	Chapter 11, 2011 Laws 1st Special Session PV	STAFF CONTACT:	Deb Merle

Background:

In 1969 the Legislature established the Council on Higher Education (CHE). During the six years of CHE's existence it took most of its cues from the Legislature. Though the Legislature only gave the board limited statutory authority, the board was widely viewed as one of the strongest in the country given its legislative backing.

The CHE became the Council for Postsecondary Education (CPE) in 1975 when federal legislation required states to establish or designate a single state postsecondary education planning agency to qualify for federal planning and other funds. There were several changes:

- the membership of the CPE was reorganized;
- its administrative responsibilities with respect to such programs as financial aid increased; and
- the board's capacity to consider and debate higher education matters was enhanced.

The Higher Education Coordinating Board (HECB) was established in 1985 and replaced the CPE. The stated purpose of the HECB is to provide planning, coordination, monitoring, and policy analysis for higher education in the state in cooperation and consultation with the institutions, autonomous governing boards and with all other segments of postsecondary education, including but not limited to the State Board for Community and Technical Colleges (SBCTC). It is a ten member board that is charged with representing the broad public interest above the interests of the individual colleges and universities.

Major functions of the HECB include:

- developing a statewide strategic master plan for higher education;
- recommending policies to enhance the availability, quality, efficiency, and accountability of public higher education in Washington;
- administering student financial assistance programs;
- serving as an advocate on behalf of students and the overall system of higher education;
- coordinating with other governing boards and institutions to create a seamless system of public education for the citizens of Washington; and
- helping families save for college.

Mandated HECB responsibilities include reviewing, evaluating, and making recommendations on operating and capital budget requests; recommending legislation affecting higher education; recommending tuition and fee levels, and policies; making recommendations on merging or closing institutions and developing criteria identifying the need for new baccalaureate institutions; and approving new degree programs. The HECB has a number of administrative functions and duties, most of which pertain to student financial assistance programs and various federal programs.

Effect:

The HECB is eliminated on July 1, 2012, and the Council for Higher Education (Council) is created, subject to recommendations of a Steering Committee on Higher Education and legislation enacted in 2012.

The Steering Committee on Higher Education is created to provide recommendations on the purpose and functions of the Council, and regarding the transfer of power of authority for policy and student financial assistance.

The Steering Committee is chaired by the Governor or the Governor's designee and includes four legislators and equal representation from higher education sectors in the state and at least two other members appointed by the Governor.

HECB functions regarding reporting on state support received by students, the costs of higher education, gender equity, technology degree production, costs and benefits of tuition and fee reciprocity with Oregon, Idaho, and British Columbia, and transmitting undergraduate and graduate educational costs to boards of regents are eliminated.

Until July 1, 2012, the HECB continues to prioritize capital projects for the higher education system, and the HECB is provided with additional guidance on how to accomplish that task.

Partial Veto Summary:

The Governor vetoed section 246 which would have immediately transferred all powers, duties and functions of the higher education coordinating board pertaining to student financial aid to the new Office of Student Financial Assistance. Student financial aid administration will be transferred to the Office of Student Financial Assistance on July 1, 2012 when the office is created.

Votes on Passage

	Yeas	Nays
House	59	28
Senate	47	0

Governor Signed, June 6, 2011

SB 5463

Requiring the college board to establish minimum standards for common student identifiers

SPONSOR:	Kilmer	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 109, 2011 Laws	STAFF CONTACT:	Michael Scroggins

Background:

The State Board for Community and Technical Colleges (SBCTC) sets policy direction for the community and technical college system in collaboration with the colleges. The SBCTC is required to provide general supervision and control over the state system of community and technical colleges and allocates state resources to the colleges.

Among its specific responsibilities the SBCTC must (1) prepare a single system operating budget request and capital budget request for consideration by the Legislature; (2) disburse capital and operating funds appropriated by the Legislature to the college districts; (3) administer criteria for establishment of new colleges and for the modification of district boundary lines; (4) establish minimum standards for the operation of community and technical colleges with respect to personnel qualifications, budgeting, accounting, auditing, curriculum content, degree requirements, admission policies, and the eligibility of courses for state support; and (5) prepare a comprehensive master plan for community and technical college education.

Effect:

The SBCTC must establish minimum standards for common student identifiers that a student receives upon enrolling at any community or technical college and retains when transferring to any other college district.

Votes on Passage

	Yeas	Nays
House	95	0
Senate	48	0

Governor Signed, April 18, 2011

SB 5501

Concerning the taxation of employee meals provided without specific charge

SPONSOR:	Murray	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 55, 2011 Laws	STAFF CONTACT:	Linda Schoonmaker

Background:

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the property, digital products, or services were acquired by the user, then use taxes apply to the value of most tangible personal property and digital products and some services when used in this state. The state sales and use tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 3.0 percent, depending on the location.

Food and food ingredients purchased for human consumption are exempt from sales and use tax. However, prepared meals are generally subject to the retail sales or use tax. Prepared meals are meals that are:

- sold in a heated state or heated by the seller;
- sold with eating utensils provided by the seller; and
- food in which two or more food ingredients are mixed or combined by the seller for sale as a single item.

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Revenues are deposited in the state General Fund.

A business may have more than one B&O tax rate, depending on the types of activities conducted. There are a number of different rates. The main rates are 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.8 percent for professional and personal services, and activities not classified elsewhere.

Meals provided to employees free of charge are considered to be in exchange for services received from the employee and thus are subject to the sales tax and retailing classification of the B&O tax.

Effect:

A B&O tax and a sales and use tax exemption are provided to restaurants for meals provided to employees without a specific charge to the employee.

Restaurant is defined to be any establishment having special space and accommodation where food and beverages are regularly sold to the public for immediate, but not necessarily on-site, consumption - including colleges and universities. The term restaurant excludes grocery stores, mini-markets, and convenience stores.

Votes on Passage

	Yeas	Nays
House	91	1
Senate	49	0

Governor Signed, April 13, 2011

2SSB 5636

Concerning the University Center of North Puget Sound

SPONSOR:	Haugen	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 321, 2011 Laws	STAFF CONTACT:	Jan Yoshiwara

Background:

A number of studies have been undertaken over the past decade to determine the higher education needs of North King, Snohomish, Island, and Skagit Counties. In November 2006 a consultant team's final report found that the needs of about 10,800 fulltime equivalent students would be unmet by 2025 if students from those counties participated in baccalaureate and graduate degree programs at the 1998 national average for all adults.

The mission of the University Center of North Puget Sound (University Center) is to develop partnerships with other colleges and universities for the purpose of providing baccalaureate and graduate degrees for the residents of North Snohomish, Island and Skagit Counties and to provide the services and facilities that deliver these educational opportunities. The University Center offers on-line and in-class courses from Washington State University (WSU), University of Washington (UW)-Bothell, Western Washington University (WWU), Central Washington University, The Evergreen State College, Hope International University, and Saint Martin's University. Instruction is delivered in various formats including web-based distance education, two-way interactive video, technology supported classrooms and combinations of these. In 2005 the legislature named consortium member Everett Community College (EVCC) as manager of the University Center and in March, 2009 the University Center moved to the new Undergraduate Center in Gray Wolf Hall on the main campus.

Effect:

WSU assumes management and leadership for baccalaureate and graduate degree production at the University Center by July 1, 2014. The Director of the University Center reports to the President of WSU and implements decisions of the Coordinating and Planning Council (council). The council is established to provide long-range strategic planning, facilitate collaborations, and resolve internal disputes. The membership of the council is specified, but may be modified by agreement.

The council must establish a strategic plan addressing employers' needs for skilled workers by expanding high employer demand programs of study, with an ongoing emphasis by WSU on undergraduate and graduate engineering degree programs in a variety of engineering disciplines such as civil, mechanical, aeronautical, and aerospace manufacturing.

The plan must specifically address multi-biennial operating and capital budget required to implement the plan, expansion of the range of regional educational opportunities, include specified strategies, and establish a process for program development. It must be completed by December 1, 2012. The strategic plan is considered approved if the Legislature does not take further action during the 2013 legislative session.

Academic programming and delivery are developed in accordance with the missions of WSU, EVCC, and other institutions that have a presence at the University Center. Each participating institution awards degrees granted in its programs at the University Center. The council establishes a process for prioritizing new programs and revising existing programs to fit the needs of the region.

University Center expansion needs and capital facility funding are reviewed annually by WSU in cooperation with EVCC. WSU designs, constructs, and manages any facility developed at the University Center with the exception of facilities design efforts utilizing EVCC capital funding. WSU is responsible for infrastructure development and maintenance with costs shared equitably.

The act takes effect only after the Higher Education Coordinating Board (HECB) determines whether a needs assessment and analysis is required and, if so, conducts a needs assessment and viability determination and recommends that this should move forward. The Office of Financial Management, the Legislature, and the Code Reviser must be notified of the HECB's recommendations by July 1, 2012.

Votes on Passage

	Yeas	Nays
House	66	31
Senate	38	10

Governor Signed, May 12, 2011

SSB 5664

Concerning the Lake Washington Institute of Technology

SPONSOR:	McAuliffe	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 118, 2011 Laws	STAFF CONTACT:	Deb Merle

Background:

Lake Washington Technical College officially became part of the community and technical college system on September 1, 1991. Lake Washington Technical College serves as a flexible college, providing multiple entrance points and pathways. The college is a conduit for students to upgrade their skills, transition into a new career, or further their education for other reasons. Available pathways include basic skills transition, high school programs, certificates of proficiency and completion, apprenticeships, associates degrees (technical and transfer), professional and technical direct transfer agreements, an applied baccalaureate degree, incumbent and displaced worker training, and continuing education.

Lake Washington Technical College is accredited by the Northwest Commission on Colleges and Universities at the associate degree level and has been granted candidacy at the baccalaureate degree level.

Effect:

The name of Lake Washington Technical College is changed to Lake Washington Institute of Technology.

Votes on Passage

	Yeas	Nays
House	72	24
Senate	49	0

Governor Signed, April 18, 2011

ESSB 5931

Reorganizing and streamlining central service functions, powers, and duties of state government

SPONSOR:	Baumgartner	EFFECTIVE DATE:	August 24, 2011 (Sections 109, 448 and 462) October 1, 2011. January 1, 2012 (Section 732).
STATUS:	Chapter 43, 2011 Laws 1st Special Session PV	STAFF CONTACT:	Mike Scroggins Linda Schoonmaker

Background:

Washington State has several central service agencies that primarily provide services to other state agencies and occasionally local governments and nonprofits.

Department of General Administration (GA)

GA provides support services to state agencies, and other entities such as schools, local governments, higher education institutions, and nonprofits. Services provided by GA include purchasing and contracting for goods and services, lease management, facility and grounds maintenance, construction project management, state motor pool, operation of the consolidated mail services, adoption of state building code, and oversight of bidding procedures.

Office of Public Printer (Printer)

The Printer was established in 1854 and provides printing and binding for a wide range of agency documents. The Printer may subcontract printing to a private vendor under some circumstances. In those cases, the Printer may apply a 5 percent markup. Current law requires the Printer to charge the actual cost for print jobs but those costs may not exceed the prices listed in the Franklin Pricing Guide.

Department of Personnel (DOP)

DOP manages the state's civil services system since creation by initiative in 1960. Civil service law applies to all state agencies, institutions of higher education, boards and commissions and each employee, unless expressly excluded or exempted by law. DOP duties include oversight and administration of the civil service system and administration and operation of the central personnel payroll system. The Director of DOP is responsible for adopting rules regarding disciplinary and other employee action, transfers, training and career development, sick leave and vacations, layoffs and reemployment, salary schedules and performance evaluations. The Public Employment Relations Commission manages collective bargaining provisions, including the determination of appropriate bargaining units within any agency.

Office of Financial Management (OFM)

OFM was established in 1969 as a division of the Office of the Governor. The general duties of OFM including planning and coordination in the preparation of budgets, accounting functions, research related to the state and federal census, preparation of fiscal notes, oversight of the state's risk management, and management of personal service contracts.

Department of Information Services (DIS)

DIS provides technology-based services to state agencies and local governments. The Director of DIS is responsible for managing the functions of DIS, as well as serving as the state's Chief Information Officer (CIO). DIS provides a variety of services including telecommunications and computing services, procurement of technology equipment through master contracts, and information technology (IT) support. DIS must charge a fee sufficient to fully recover all costs associated with providing its services. State agencies may procure information technology services through DIS, but are not required to do so.

The Information Services Board (ISB) is staffed by DIS and provides authorization and oversight for managing large IT projects. ISB is tasked with developing state IT standards, governing acquisitions, reviewing and approving statewide IT strategic plans, and developing statewide technical policies. The members of ISB include state agencies and members of the Legislature.

Civil Service and Collective Bargaining

The state civil service law establishes the state's personnel administration system. Civil service rules apply to non-represented classified employees. These rules may be superseded by collective bargaining agreements for represented employees. State collective bargaining law provides for bargaining by the Governor and representatives of classified employee bargaining units. Collective bargaining agreements must be submitted to the Office of Financial Management by October 1, and to the Legislature as part of the Governor's budget proposal. The Legislature must accept or reject the request for funds necessary to implement the agreements as a whole.

Effect:

Many of the central service agencies are significantly reorganized and two new state agencies are created, the Department of Enterprise Services (DES) and the Consolidated Technology Services (CTS).

Part 1 - Creation of DES

DES is tasked with providing products and services to support state agencies, other governmental entities and nonprofits. DES is an executive branch agency and the director is appointed by the Governor and subject to confirmation by the Senate.

DES assumes the following responsibilities:

- all roles and responsibilities of GA and the Printer;
- risk management and oversight of personal service contracts from OFM;
- training and career development, oversight of the payroll system, and many other basic functions of DOP; and
- purchase of wireless devices and digital signature authority from DIS.

Additionally, OFM must examine on a biennial basis which services within DES might be performed by the private sector. Until June 30, 2018, OFM will select up to six activities each biennium for DES to competitively bid to the private sector. If service cannot be provided at a lower rate or more efficiently, OFM will notify DES to cancel the bid. If the bid is canceled, OFM must notify the legislative fiscal committees. OFM must report on the results of these examinations biennially and the legislative fiscal committees must hold a public hearing on the reports.

The Joint Legislative and Audit Review Committee (JLARC) will conduct a study of the implementation of contracting for services at DES and report to the Legislature by January 1, 2018. DES must also examine state procurement practices and report on recommendations for improvement by December 31, 2011.

Part 2 - Powers and Duties Transfer from GA to DES

GA is eliminated as a state agency and all of its powers and duties are assigned to DES. Provisions regarding bid processes are revised to require that all purchases require formal sealed bids and exceptions to formal bid direct buy purchases are added. The DES director is required to establish policies annually to define bid criteria and limits.

Part 3 - Powers and Duties Transfer from the Public Printer

The State Printer's powers and duties are transferred to the DES. State agencies are no longer required to use the State Printer. If a print job is solicited, then DES must be included. Bids must encourage the use of recycled paper and biodegradable ink. Printing that contains sensitive or personally identifiable information must be done by DES or, if contracted, a confidentiality agreement must be included in the printing contract. DES must provide printing services on a cost recovery basis. State agencies are required to consult with DES regarding economic and efficient options for printing jobs. DES will issue guidelines for agencies to manage their print operations.

DES will prepare recommendations, including proposed legislation, regarding agency specific print shops by November 15, 2011, to transfer print shop personnel, equipment, and activities of state agencies and institutions of higher education to the department. Transfers under this section do not imply that any print shop operations will close at the affected agencies and institutions of higher education.

DES will broker print management contracts for state agencies. All agencies with 1000 FTE's or more will utilize print management services. These print management contracts must result in savings. OFM may authorize an exemption from this requirement. All agencies with 500 FTE's or more must consult with DES to standardize the use of envelopes.

Part 4 - Powers and Duties Transferred from GA to DES

DOP is eliminated and its powers and duties divided between OFM and DES. DES will receive the majority of DOP's responsibilities including training and career development and oversight of the payroll system. DES is responsible for job classification activities.

Other functions currently performed by DOP are transferred to OFM. These functions include creating broad personnel policies, compensation and salary scheduling, and prescription of training provisions for supervisory or management positions.

Part 5 - Powers and Duties Transferred from OFM to DES

Risk management and personal services contracting oversight activities are transferred from OFM to DES.

Part 6 - Powers and Duties Transferred from DIS

DES is authorized to receive funding from the Data Processing Revolving Account as DIS will no longer exist as a state agency. Highspeed Internet programs are moved to the Department of Commerce.

Part 7 - Creation of the Office of the Chief Information Officer (OCIO)

OCIO is created within OFM. OCIO is responsible for the preparation and implementation of a strategic IT plan and enterprise architecture (EA) for the state. OCIO must work towards standardization and consolidation of IT infrastructure, establish standards and policies for EA, and educate and inform the state on IT matters. CIO is appointed by the Governor and subject to confirmation by the Senate.

In the case of institutions of higher education, the powers of the office apply to business and administrative applications but do not apply to academic and research applications. However, institutions of higher education must disclose to the office any proposed academic applications that are enterprise-wide in nature relative to the needs and interests of other institutions of higher education.

OCIO will prepare a biennial state performance report on IT, evaluate current IT spending and budget requests, and oversee major IT projects including procurements.

A 13-member Technology Services Board (TSB) is created. The TSB will consist of eight members appointed by the Governor and four legislators. Three of the Governor's appointees must be representatives of state agencies or institutions, and three representatives must be from the private sector. Of the state agency representatives, at least one must have direct experience using the software projects overseen by the TSB or reasonably expect to use the new software developed under the oversight of the TSB. Two non-voting members with IT expertise must be appointed by the Governor: (1) a representative of a state agency bargaining unit that will be selected from a list of names submitted by each of the general government exclusive bargaining representatives; (2) a representative of local governments that will be selected from a list of names submitted by commonly recognized local government organizations.

The CIO will be a member of the TSB and serve as chair.

The TSB will:

- review and approve standards and procedures developed by the Office of the CIO governing the acquisition and disposition of equipment, proprietary software and purchased services, licensing of radio spectrum by or on behalf of state agencies, and confidentiality of computerized data;
- review and approve statewide or interagency technical policies, standards, and procedures developed by the Office of the CIO;
- review and approve standards and common specifications for new or expanded telecommunications networks proposed by agencies, public postsecondary educational

institutions, educational service districts, or providers of K-12 information technology services;

- develop a policy to determine whether a proposed product or service should undergo an independent analysis prior to being submitted for inclusion in any proposed operating, capital, or transportation budget;
- review, approve and provide oversight of major IT projects to ensure that no major IT project is approved or authorized funding without consideration of the technical and financial business case for the project; provide a forum to solicit external input on IT developments, enterprise architecture, standards, and policy development; and provide a forum where IT plans, policies, and standards can be reviewed.

Agencies are required to submit IT portfolios and are required to co-locate servers within the state data center. CIO will assess agencies ability to utilize CTS and develop a strategy for increase agency use of CTS.

Part 8 - Creation of CTS

A majority of service provision duties are transferred from DIS to CTS including server hosting and network administration, telephony, security administration, and email.

Positions within the CTS related to systems integration, data center engineering and management, network systems engineering and management, information technology contracting, information technology customer relations management, and network and systems security. Senior experts in enterprise IT infrastructure, engineering, or systems can also be made exempt.

The CTS may contract for services related to operation and management of the State Data Center, if they are approved by the TSB. The TSB may approve contracting for other services and activities if those services are recommended by the CIO through a business plan.

Partial Veto Summary: The Governor vetoed a requirement that the State Auditor conduct a performance audit of the consolidated state data center. Sections related to transferring the Education Research Data Center from OFM to the Legislative Evaluation and Accountability Program Committee are also vetoed.

Votes on Passage

	Yeas	Nays
House	54	42
Senate	31	13

Governor Signed, June 15, 2011

Budget and Finance

**62ND WASHINGTON STATE LEGISLATURE
2011 REGULAR SESSION**

ESHB 1086

Making 2009-2011 supplemental operating appropriations

SPONSOR:	Hunter	EFFECTIVE DATE:	February 18, 2011
STATUS:	Chapter 5, 2011 Laws PV	STAFF CONTACT:	Denise Graham

Background:

The state government operates on a fiscal biennium that begins July 1 of each odd-numbered year. The 2009-11 State Omnibus Operating Appropriations Act (Operating Budget), as amended by the 2010 Supplemental Operating Budget (Engrossed Second Substitute Bill 6444, Chapter 37, Laws of 2010, First Special Session) and House Bill 3225 (Chapter 1, Laws of 2010, Second Special Session), appropriated \$30.5 billion from the State General Fund and two other accounts, together referred to as the State Near General Fund. The total budgeted amount, which includes state and federal funds, is \$60.2 billion.

Effect:

Appropriations are modified for the 2009-11 biennium. State Near General Fund appropriations are reduced by \$242.2 million, while the total budgeted amount is reduced by \$284.3 million.

The bill has the following impact to the two-year college system:

- Takes \$13.1 million from the community and technical colleges' operating fee accounts (\$25 million total from higher education institutions' operating fee accounts) to pay for the State Need Grant. The cuts are designed to bring higher education FY 2011 cuts, when combined with the cuts in the December Early Supplemental, up to the 6.3% across-the-board cuts announced by the Governor in the fall.
- Reasserts the authority of local trustees to increase fees for the remainder of this year (needed due to the enactment of I-1053).

The proposal did not include the M&O funding for three colleges included in the two-year college system's supplemental budget request.

Votes on Passage

	Yeas	Nays
House	55	41
Senate	37	10

Governor Signed, February 18, 2011

ESHB 1087

Making 2009-2011 and 2011-2013 fiscal biennia operating appropriations

SPONSOR:	Hunter	EFFECTIVE DATE:	June 30, 2011
STATUS:	Chapter 50, 2011 Laws 1st Special Session PV	STAFF CONTACT:	Denise Graham

Background:

The state government operates on a fiscal biennium that begins on July 1 of each odd-numbered year. Supplemental budgets frequently are enacted in each of the following two years after adoption of the biennial budget (each odd-numbered year).

Appropriations are made in the biennial and supplemental budgets for the operation of state government and its various agencies and institutions, as well as for K-12 public schools.

The 2009-11 State Omnibus Operating Appropriations Act (Operating Budget), as amended by the 2010 Supplemental Operating Budget (Engrossed Second Substitute House Bill 6444, Chapter 37, Laws of 2010, First Special Session), House Bill 3225 (Chapter 1, Laws of 2010, Second Special Session), and Engrossed Substitute House Bill 1086 (Chapter 5, Laws of 2011), appropriated \$30.2 billion from the State General Fund and two other accounts, together referred to as State Near General Fund. The total budgeted amount, which includes state and federal funds, is \$59.9 billion.

Effect:

State Near General Fund appropriations for the 2009-11 biennium are increased by \$29.4 million; the total budget is increased by \$109.4 million.

The State Near General Fund appropriations for the 2011-13 biennium total \$32.2 billion. The total budget (all funds) is \$62.1 billion.

The major provisions of the final legislative 2011-13 operating budget for the community and technical colleges include:

- **Total Change in State Funding:** Bottom line, the final legislative budget reduces CTC funding by \$76.8 million (11.5%) in FY 2012 and \$84.3 million (12.6%) in FY 2013. State funding drops from \$669 million in the current year (including the \$26 million 2011 early supplemental cut) to \$592 million in FY 2012 and to \$585 million in FY 2013.
- **General Budget Reduction:** The general budget reduction is \$54 million in FY 2012 and \$59 in FY 2013. Of these amounts, \$4.2 million in FY 2012 and \$9 in FY 2013 are one-

time cuts. For comparison, the House general budget reduction was \$32.8 million in FY 2012 and \$71.4 million in FY 2013. The Senate general budget reduction was \$62 million in FY 2012 and \$62 million in FY 2013.

- **Tuition Increases:** Provides for tuition increases of 12% per year for resident students and upper division applied baccalaureate tuition. Non-resident tuition to be determined by the State Board.
- **6% Cap on Pension Contributions:** The budget cuts \$8.3 million a year and caps state funding for higher education retirement plans at 6% of related salaries. This shifts costs to tuition funds.
- **Worker Retraining and Opportunity Grant:** The additional funding received this year for Worker Retraining (\$17.6 million per year) and Opportunity Grant (\$1 million one-time new funding) is eliminated. However, new additional funding for Worker Retraining is provided at \$4.5 million per year for 970 FTE. This is identified as on-going funding.
- **Student Achievement Initiative:** \$5 million for the biennium is provided for the Student Achievement Initiative.
- **Additional Charge for Supplemental Retirement Plan:** HB 1981 will require an employer contribution of .25% of the salaries of employees in TIAA-CREF to be deposited into a new account that will be used to fund the supplemental retirement benefit in the future. This contribution will be required from January 2012 to June 30, 2013. Beginning July 2013, the contribution rate is scheduled to increase to .5%. Future rates will be determined through an actuarial evaluation. The .25% will drive additional costs of about \$500,000 in FY 2012 and \$1 million in FY 2013. No additional funding was provided for this.
- **Applied Baccalaureate Degree Programs:** Budget bill provisions authorize Seattle Community College District and Bellevue College to offer additional applied baccalaureate degrees. Bellevue is authorized to offer degrees in information technology, health care services and management, biotechnology, and pre-professional preparation for medical fields. Seattle is authorized to offer degrees in business/international business and technology management, interactive and artistic digital media, sustainability, building science technology, and allied and global health. Bellevue and Seattle are required provide the legislature with a two-year plan for offering the new degrees by June 30, 2012.
- **Life Transitions Program:** Funding for the displaced homemakers/life transitions program is eliminated. This will impact 8 colleges (Clark, Spokane, Olympic, Skagit, Green River, Pierce, Walla Walla, and Whatcom).
- **Facilities-Related Funding:** Increases for leases and assessments were funded as requested. M&O funding for new facilities was not provided as requested; additional details to be provided shortly.
- **Enrollment targets:** Unchanged from the current biennium at about 140,000 FTES. Includes a Running Start enrollment target of 11,558 – the same as this biennium.
- **Running Start:** The budget limits state funding for Running Start students to 1.2 FTE between the high school and the college. Currently, the state will fund a Running Start student for up to 1 FTE at the college and 1 FTE at the high school.

- **Compensation Provisions:**

- **3% Salary Reductions:** State funding is reduced by \$30 million (biennial) to reflect savings from reducing employee compensation by 3% for the duration of the biennium.
 - However, higher education institutions are exempt from the 3% salary reductions mandated for other state employees for the 2011-13 biennium.
 - There is one exception to our exemption: In FY 2013 only, salaries of **represented community college classified staff**, except for those making less than \$2,500 a month, must be reduced by 3% and temporary salary reduction (TSR) leave of 5.2 hours per month for a full-time employee will be earned.
 - **Represented classified employees funded from non-state funds must be treated the same as those funded with state funds.**
 - For **all other higher education employees**, a 3% salary reduction is not required, but there appears to be the expectation that state-funded compensation (salary) costs will be reduced by 3%. This can be accomplished through various means such as permanent and temporary layoffs, reduced work hours, vacancy savings, and salary reductions.
 - ESB 5860 and Section 910 of ESHB 1087, the operating budget bill, contain the provisions related to the 3% salary reduction.
- **Faculty Increments:** The budget allows salary and benefit savings from faculty turnover to be used to fund increments.
- **Health Benefit Funding:** State contributions for employee health care benefits are the same as this year at \$850/month. However, due to medical inflation, this is expected to represent about 85 percent of the cost, on average. Currently, the state pays 88 percent of health care costs, on average. This means employees will be paying more for health care benefits.

Additional items to note:

- Tuition increases assumed in the budget for the baccalaureate institutions:
 - UW, WSU, WWU 16% per year
 - CWU and TESC 14% per year
 - EWU 11% per year
 - However, under HB 1795, the institutions have authority to increase tuition through the 2018-19 biennium. Their students will receive State Need Grants up to the increases assumed in the budget bill. The institutions must provide additional financial assistance for increases above those assumed in the budget bill.
- **HECB:** The Higher Education Coordinating Board is eliminated in FY 2013 and two new agencies are created: the Council for Higher Education and the Office of Student Financial Assistance, both created in SB 5182.

- **WSU and Olympic College:** WSU is required to offer an additional 15 FTES in mechanical engineering at Olympic College, within existing funds.
- **State Need Grant Funding** is increased to cover tuition increases, but not to cover all the currently eligible but un-served students.
- **State Need Grant for Less than Half-Time Students:** The budget bill makes students enrolled for three to five credits eligible to receive State Need Grant funding. The pilot project currently in place making these students eligible for State Need Grants would have expired June 30, 2011 without this language.
- **Work Study:** Funding for the Work Study program is reduced by \$23.2 million for the biennium by making permanent changes made during Fiscal Year 2011, including increasing the required employer share of wages and discontinuing non-resident student eligibility for the program.

Votes on Passage

	Yeas	Nays
House	54	42
Senate	34	13

Governor Signed, June 15, 2011

HB 1497

Regarding the capital budget

SPONSOR:	Dunshee	EFFECTIVE DATE:	June 15, 2011 (except for sections 7022 - 7025, relating to higher education facility maintenance, and section 7027, relating to the Building Communities Fund, which take effect July 1, 2011.)
STATUS:	Chapter 48, 2011 Laws 1st Special Session PV	STAFF CONTACT:	Wayne Doty

Background:

The programs and agencies of state government are funded on a two-year basis, with each biennium beginning on July 1 of each odd-numbered year. The Capital Budget includes appropriations for the acquisition, construction, and repair of capital assets such as state office buildings, prisons, juvenile rehabilitation centers, residential habilitation centers, mental health facilities, military readiness centers, and higher education facilities. The Capital Budget also funds a variety of environmental and natural resource projects, parks and recreational facilities, public K-12 school construction, and grant and loan programs that support housing, public infrastructure, community service facilities, and art and historical projects.

The sources of funding for the Capital Budget primarily are state general obligation bonds, trust revenues, and dedicated fees and taxes.

Effect:

The 2011-13 Capital Budget authorizes \$1.6 billion in new capital projects from sources other than bond proceeds. Reappropriations of \$1.0 billion are authorized for projects approved in prior biennia. State agencies are also authorized to enter into a variety of alternative financing contracts. The 2011 Supplemental Capital Budget reduces 2009-11 capital budget appropriations by \$547,000.

The final budget provides the two-year college system with approximately \$193.5 million in new appropriations for capital projects and followed the system's capital project list in priority order.

Five new construction projects are funded at 85 percent of the system's requested level. These projects include: Spokane Falls' Campus Classrooms, South Puget Sound's Learning Resource

Center, Clover Park's Allied Health Care Facility, Everett's Index Hall Replacement, and Green River's Science Math and Technology Building. The 15% cut equals approximately \$21 million.

The budget clarifies the Military Department is to transfer land at Geiger field to Spokane Community College within 30 days and the college may exchange it for better suited land.

All of the requested COPs were authorized, and \$22.8 million was provided for Maintenance & Operations from the system's building fee account.

Reappropriations

The budget provides authority for most of the reappropriations requested. Reauthorization is needed in order for current capital projects to be completed as planned. The capital projects that did not receive reappropriations must expend their funding by the end of the current fiscal year.

Comparison to the rest of Higher Education

There are \$1.01 billion in new state construction bonds in the conference budget. The community and technical colleges received \$149.5 million, or 15% of these bonds. The rest of higher education received 14% of these bonds and were also subjected to the 15% reduction from their requests for major construction projects.

Votes on Passage

	Yeas	Nays
House	94	0
Senate	47	0

Governor Signed, June 15, 2011

ESHB 1846

Creating the aerospace training student loan program

SPONSOR:	Eddy	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 8, 2011 Laws	STAFF CONTACT:	Dixie Simmons

Background:

The Washington Aerospace Training and Research Center (WATRC) was established in 2010 and is located on Paine Field in Everett. Offerings include customized training programs, as well as certificate programs. This center is operated by Edmonds Community College pursuant to a partnership with the Aerospace Futures Alliance.

The Inland Aerospace Technology Center (INATC) is located at Spokane Community College and is offering short term training programs to the aerospace industry.

The Aerospace Futures Alliance of Washington (Alliance) is an aerospace association of large and small aerospace companies. The Alliance is a nonprofit corporation.

The Higher Education Coordinating Board provides strategic planning, coordination, monitoring, and policy analysis for higher education. It also administers various state and federal financial aid programs.

Effect:

The Aerospace Training Student Loan Program (Loan Program) for eligible students at certain aerospace training or educational programs is established.

An aerospace training or educational program (training program) is a course in the aerospace industry offered by the Washington Aerospace Training and Research Center or the Inland Aerospace Technology Center. The training program must have an advisory committee that includes at least one member representing aerospace employers and at least one member from organized labor representing aerospace workers.

Currently, there are short-term aerospace training programs offered through Edmonds Community College, Renton Technical College (in partnership with Edmonds Community College), and Spokane Community College.

An eligible student is one who is registered for a training program. An eligible student also must be making satisfactory progress as defined by the training program and have a declared intention to work in the aerospace industry in Washington.

The Higher Education Coordinating Board (Board) is required to administer the Loan Program, which must be designed in consultation with representatives of aerospace employers, aerospace workers, and the training programs.

The Board has the following powers and duties:

- to select and screen eligible students to receive student loans, in coordination with representatives of the training programs;
- to consider an eligible student's financial need;
- to issue low-interest student loans;
- to establish an annual loan limit equal to training costs minus other financial aid;
- to define repayment terms;
- to collect and manage repayments;
- to solicit and accept grants and donations for the program; and
- to adopt rules.

The Board is authorized to award student loans to eligible students from available funds. The student loans may not exceed one year of tuition and fees.

The Aerospace Training Student Loan Account (Account) is created. Appropriations are required for administrative costs, but not for student loans. All moneys received for the Loan Program must be deposited into the Account. The Account must be self-sustaining. Expenditures may be used solely for student loans and administrative costs.

The Board, in collaboration with the training programs, must submit reports regarding the Loan Program to the Governor and appropriate legislative committees by December 1 of each year. Annual reports must describe the design and implementation of the Loan Program. Annual reports also must include information about applicants, participants, and jobs in which participants are placed.

Votes on Passage

	Yeas	Nays
House	80	16
Senate	47	0

Governor Signed, March 24, 2011

2SHB 1909

Promoting innovation at community and technology colleges

SPONSOR:	Reykdal	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 274, 2011 Laws	STAFF CONTACT:	Mike Scroggins

Background:

Strategic Technology Plan. In 2006 and 2007 the State Board for Community and Technical Colleges (SBCTC) conducted an analysis of technology deployment at community and technical colleges. The purpose was to learn how technology could be mobilized to advance student learning, student services, and create greater administrative efficiencies. In all three areas, the SBCTC found a need for greater uniformity across the 34 colleges in the system and the P-20 education system.

In 2008 the SBCTC adopted the Strategic Technology Plan. The SBCTC defines the Plan as a roadmap for how the community and technical college system can leverage 21st century technologies to support student achievement.

Certificates of Participation. Institutions of higher education can finance the acquisition, construction, and renovation of facilities using state bonds. Bond proceeds for these projects are appropriated in the Capital Budget. In addition to financing through state bonds, higher education institutions are authorized to enter into financing contracts, such as Certificates of Participation (COPs), which are a type of security sold for a particular purpose, and backed by any component of fees and revenues the university derives from its ownership and operation of its facilities. The COPs must be authorized in the Capital Budget and, once authorized, the institution is allowed to begin the construction or purchase process. The COPs are not subject to appropriation by the Legislature, do not obligate State General Fund revenues to be used for their completion, and do not count towards the state debt limit.

Effect:

Up to three percent of operating fees may be transferred to the Community and Technical College Innovation Account (Account) to be used to implement the SBCTC's Technology Plan. The SBCTC approves the amount to be transferred each year. The SBCTC must approve projects under the Plan to improve student achievement, student services, and increase system-wide administrative efficiencies. The SBCTC is required to develop a technical and operational business plan and bring large enterprise resource planning projects to the Legislature for approval.

The community and technical colleges are required to engage in substantial business process reengineering and adopt system wide approaches to admission, financial aid, student identification numbers, student transcripts, and other system wide processes. In addition, when pursuing an enterprise resource planning solution, the community and technical colleges must consider: opportunities for coordination and consolidation with other higher education institutions; adopting technology solutions that are already used at other higher education institutions; the short and long term costs of those solutions; and technical flexibility to support cost efficiencies.

The Account is created in the custody of the State Treasurer. Expenditures from the Account must be approved by the Director of the SBCTC or their designee. Expenditures from the Account may be used for two purposes: (1) paying off debt from financing contracts, such as certificates of participation authorized by the Legislature; or (2) for projects that implement the Strategic Technology Plan as approved by the SBCTC. The Account may retain its interest earnings.

The requirement for community and technical colleges to round tuition and fees to the nearest dollar amount is removed.

Votes on Passage

	Yeas	Nays
House	63	34
Senate	43	5

Governor Signed, May 5, 2011

HB 5181

Concerning limitations on state debt

SPONSOR:	Parlette	EFFECTIVE DATE:	August 24, 2011
STATUS:	Chapter 46, 2011 Laws 1st Special Session	STAFF CONTACT:	Wayne Doty

Background:

The state Constitution limits the issuance of state general obligation bonds. The State Treasurer may not issue a debt-limit general obligation bond if the amount of interest and principal payments in any year, along with such payments for existing debt limit bonds, would exceed 9 percent of the average of the annual general state revenue collections for the previous three fiscal years.

Effect:

A commission is established to examine the use of debt in Washington State and make recommendations on debt policy and debt limitations. Commission members include the State Treasurer; the Director of the Office of Financial Management; four legislators, one from each of the four major caucuses; and six independent experts, three appointed by the Governor and three appointed by the State Treasurer. The commission's report is due December 1, 2011.

The State Finance Committee is directed to set a working debt limit for budget development purposes. That working limit phases down to 7.75 percent by Fiscal Year 2022 starting in Fiscal Year 2016. The Committee may adjust that working debt limit due to extraordinary economic conditions. The Committee is authorized to delay or reduce bond issuance in order to not exceed the recommended working debt limit.

The amount of \$150,000 from the State Treasurer's Service Fund is appropriated for the support of the commission's work.

Votes on Passage

	Yeas	Nays
House	79	14
Senate	40	1

Governor Signed, June 15, 2011

2SSB 5662

Concerning preferences for in-state contractors bidding on public works

SPONSOR:	Conway	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 345, 2011 Laws	STAFF CONTACT:	Wayne Doty

Background:

Contracts for public works projects are generally awarded to the responsible bidder submitting the lowest responsive bid. A responsible bidder must be licensed; have a current state unified business identifier number; if applicable; have industrial insurance coverage for the bidder's employees working in Washington, an Employment Security Department number, and a state excise tax registration number; and not be disqualified from bidding based on noncompliance with licensing requirements, state apprenticeship requirements, or prevailing wage violations.

Effect:

The Department of General Administration (GA) must survey the 50 states to determine which ones provide advantages for their in-state contractors bidding on public works projects. The survey must be completed by November 1, 2011. GA must report on the results of the survey, and provide recommendations necessary to implement the intent of the legislation, to the Legislature by December 1, 2011. GA must distribute the report to all state and local agencies with public works procurement authority.

Any bidding process for public works in the state in which a bid is received from a nonresident contractor, from a state that is identified in the survey as providing an in-state contractor advantage, must provide a comparable disadvantage to the bid of that nonresident contractor. This requirement applies when GA has adopted rules and procedures to implement the reciprocity requirement.

The reciprocity provisions do not apply if they contradict requirements for federal funding.

Votes on Passage

	Yeas	Nays
House	93	2
Senate	35	12

Governor Signed, May 12, 2011

SSB 5749

Regarding the Washington advanced college tuition payment (GET) program

SPONSOR:	Brown	EFFECTIVE DATE:	August 24, 2011
STATUS:	Chapter 12, 2011 Laws PV	STAFF CONTACT:	Scott Copeland

Background:

The Guaranteed Education Tuition (GET) Program is Washington's 529 prepaid college tuition plan. Families can prepay for their child's college tuition today knowing that the value of their account is guaranteed by the state to keep pace with rising college tuition. Since GET began in 1998, families have opened more than 119,000 accounts.

The state guarantees that 100 GET units will cover one year of resident undergraduate tuition and state-mandated fees at the most expensive Washington public university. GET accounts can be used at nearly any public or private college in the country. Families can buy between one and 500 units per child, and the account will benefit from tax-free growth and withdrawals. To date, 16,500 students have used their GET accounts in all 50 states.

The Higher Education Coordinating Board administers the GET Program while the State Investment Board oversees its investments. A five-member committee establishes the policies of the program and sets the price of the GET unit, currently \$117.

Effect:

The Committee utilizes the State Actuary in reviewing the Guaranteed Education Tuition Program rather than a nationally recognized actuary, but the Committee may, at its discretion, obtain an assessment by a nationally recognized actuary. The Committee, with the State Actuary, reviews the program in light of passage of E2SHB 1795 (Higher Education Opportunity Act) and makes any necessary changes to the program for units purchased on or after September 1, 2011.

A legislative advisory committee to the Committee on Advanced Tuition Payment is established. The advisory committee provides advice to the Committee and the state actuary regarding the administration of the program including, but not limited to, pricing guidelines, the tuition unit price, and the unit payout value.

Partial Veto Summary: The expansion of the membership of the Committee on Advanced Tuition Payment, limits private sector and citizen representatives on the committee to four year terms and require Senate confirmation of citizen and business representatives. The work of this committee involves oversight of complex financial issues. The bill does not stagger the terms of

the committee members, and expands the number of term-limited members to four of the committee's seven members. Un-staggered and limited terms for a majority of the committee members would leave the committee highly vulnerable to the loss of expertise accumulated by citizen and business representatives and inhibit the work of this committee.

Votes on Passage

	Yeas	Nays
House	89	7
Senate	41	3

Governor Signed, June 6, 2011

Education and Technology

**62ND WASHINGTON STATE LEGISLATURE
2011 REGULAR SESSION**

SHB 1691

Concerning embalmers

SPONSOR:	Kirby	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 265, 2011 Laws	STAFF CONTACT:	Dixie Simmons

Background:

A person has the right to control the disposition of his or her own remains. This can be accomplished by executing a written document signed by the decedent in the presence of a witness that expresses the decedent's wishes regarding the place or method of disposition. In addition, a person may control the disposition of his or her remains by making a prearrangement with a licensed funeral establishment or cemetery authority. Prearrangements that are prepaid or that are filed with a licensed funeral establishment or cemetery authority are not subject to cancellation or substantial revision by survivors.

Counties are responsible for providing for the disposition of the remains of any indigent person whose body is unclaimed by relatives or a church organization. Remains of persons that will be buried at the public expense are required to be surrendered to a physician or surgeon. These bodies must be used for the advancement of anatomical science. Preference is given to medical schools in this state for their use in the instruction of medical students.

Embalmers are regulated by the Department of Licensing. In order to be licensed, an applicant must complete the required education in mortuary science, complete an embalmer internship, and successfully pass an examination.

Effect:

The list of persons who have the right to control the disposition of remains if or when the decedent has not provided directions is revised as follows:

- The designated agent of the decedent is listed as the person with the first right to control the disposition. The designated agent must be indicated in a written document signed and dated by the decedent in the presence of a witness. The direction of the designated agent is sufficient to direct the type, place, and method of disposition.
- The categories for surviving adult children and surviving siblings are changed to give the right to the majority of the children or siblings, rather than all children or siblings.
- The decedent's court-appointed guardian is added as the last in the list of persons who have the right to control the disposition.

A cemetery authority or funeral establishment is not liable for cremating any human remains if or when the funds for the disposition of the human remains are provided by a charitable organization or government agency (regardless of whether funds are provided for cremation only).

A public agency required to provide for the disposition of human remains at public expense may surrender the remains to an accredited educational institution offering funeral services and embalming programs. The bodies must be used in training embalming students under the supervision of a licensed embalmer.

Lake Washington Technical College currently offers training for embalming students.

Votes on Passage

	Yeas	Nays
House	96	0
Senate	47	0

Governor Signed, May 5, 2011

SHB 1710

Creating a strategic plan for career and technical education

SPONSOR:	Moscoso	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 267, 2011 Laws	STAFF CONTACT:	Dixie Simmons

Background:

In 2008 a comprehensive set of initiatives was enacted in legislation, designed to enhance the rigor and relevance of secondary career and technical education (CTE) programs and to align and integrate CTE instruction more closely with academic subjects, high demand fields, industry certification, and postsecondary education.

The Legislature initially provided \$2,750,000 per year to support such activities as:

- requiring all preparatory CTE programs to lead to industry certification or offer dual high school and college credit;
- expanding state support for middle school CTE programs, especially in science, technology, and engineering;
- providing support for schools to develop or upgrade programs in high demand fields and offer pre-apprenticeships;
- developing model CTE programs of study leading to industry credentials or degrees;
- assisting school districts with identifying academic and CTE course equivalencies;
- pilot-testing programs to integrate academic, career and technical, basic skills, and English as a second language instruction; and
- developing performance measures and targets for accountability.

Effect:

Within existing resources, the Office of Superintendent of Public Instruction must convene a working group to develop a statewide strategic plan for secondary CTE.

The plan must include a vision statement, goals, and measurable annual objectives for continuous improvement that are consistent with those required under the federal Carl Perkins Act for secondary CTE programs. The plan must also recommend activities that:

- can be accomplished within current resources;
- should receive top priority for additional investment; and
- could be phased-in over the next 10 years.

The working group must examine at least the following issues:

- proposed changes to high school graduation requirements and ways to assure that students continue to have opportunities to pursue CTE pathways;
- the relationship between CTE courses and the Common Core Standards;
- ways to improve access to high quality CTE in a variety of school settings;
- ways to improve the transition from K-12 to college;
- methods for replicating innovative middle and high schools; and
- a framework for transferrable and articulated certifications between secondary and postsecondary CTE so that students receive credit for knowledge and skills already mastered.

The workgroup will also be used as a vehicle to accomplish other work authorized under the Perkins Act regarding Programs of Study, due to the elimination of federal funding for the Tech Prep program. In addition, recent activities in the aerospace industry to develop a pipeline of workers from high school through post-secondary will strengthen the importance of these discussions.

Membership of the working group is specified and will include a community or technical college faculty member and State Board workforce training staff.

A progress report is due to the Education Committees and the Quality Education Council by December 1, 2011, with a final strategic plan due December 1, 2012.

Votes on Passage

	Yeas	Nays
House	81	15
Senate	46	3

Governor Signed, May 5, 2011

HB 1808

Creating the launch year program

SPONSOR:	Lytton	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 77, 2011 Laws	STAFF CONTACT:	Bill Moore

Background:

Dual Credit Programs:

In November 2010 the Office of Superintendent of Public Instruction (OSPI) released a report regarding student participation in dual credit programs. An analysis of students' schedules for the 2009-2010 school year, as reported in the Comprehensive Education Data and Research System (CEDARS) show that 10.9 percent of all high school courses taken can earn dual credit. Whether or not a student will be able to leave high school with a full year of postsecondary credit varies depending on the subject matter and program requirements in each apprenticeship program or institution of higher education. A variety of education programs allow high school students to earn postsecondary course credit while also earning credit toward high school graduation.

Running Start:

Running Start students have the opportunity to study on a college campus while acquiring credits that count toward both high school and college graduation. If the student passes the college course, he or she receives the same amount of credit as any other college student taking the course. The students do not pay tuition for Running Start classes. Rather, for a full-time Running Start student, a school district retains 7 percent of the basic education allocation and provides the remainder to the higher education institution. A Running Start student can be charged some fees.

College in High School:

College in the high school permits students to complete college level work while staying on their high school campuses. High school teachers typically form a relationship with a college or university and receive adjunct, extension, or lecturer status. They work with a professor to align a particular high school course with a college level course published in the college catalog. The college course is then taught to high school students by the high school teacher during the regular school day. Students usually pay a fee for this program which varies based on the area of study. Other funding, fees, and eligibility requirements are negotiated by participating schools through a local contract.

Tech Prep:

Tech Prep is a cooperative effort between K-12 schools, community and technical colleges, and the business community to develop applied integrated, academic, and technical programs. These professional technical courses are taught on high school campuses by high school instructors. The instructors work with local colleges to assure the courses are taught at the college level and

articulate the college program. Each of the state's 22 Tech Prep consortia have developed competency-based articulation agreements between high schools and colleges that help students transition from high school into postsecondary professional technical programs. Through Tech Prep articulation agreements, colleges award credit to students who successfully complete college-equivalent courses and programs with a "B" or better while still in high school.

Advanced Placement and International Baccalaureate Programs:

Advanced Placement (AP) and International Baccalaureate (IB) programs allow students to take college level courses while staying on their high school campuses. For both of these programs, students complete courses taught by high school teachers but then must pass a standardized examination at the end of the courses. Students pay the exam fees. Whether college credit is awarded depends upon a student's score on the exam. For AP, students score from zero to five points. Minimum scores to qualify for college credit vary by college and by subject area.

Running Start for the Trades:

Running Start for the Trades began in 2006 with the purpose of expanding apprenticeship opportunities for high school students. High schools work closely with local apprenticeship programs to prepare students to enter apprenticeships immediately after graduation. Depending upon the program, students may earn direct entry into an apprenticeship program or enhance their chances of entry into a program.

Effect:

Within existing resources, all public high schools in the state must work toward the goal of offering a sufficient number of high school courses to give students the opportunity to earn the equivalent of one year's worth of postsecondary credit toward a certificate, apprenticeship program, technical degree, or associate or baccalaureate degree. All public high schools must inform students and their families about the opportunities these courses provide to earn postsecondary credit, and get an advanced start on their career and postsecondary education, if they earn the qualifying score on the proficiency exam or through the demonstrated competencies.

By December 1, 2011, and biennially each June thereafter, Washington higher education institutions must collaborate to develop a master list of postsecondary courses (lower-division general education or postsecondary professional technical requirements) that can be fulfilled by taking the AP, IB, or other recognized college level proficiency exam or by meeting a qualifying score or demonstrated competencies. From this master list each institution must publish on its website and in its admissions materials its own list of qualifying courses, including the designated exam scores or demonstrated competencies.

As much as possible, the institutions of higher education must agree on the exam scores or demonstrated competencies for the qualifying lower division general education or professional technical courses.

Each institution must recognize at least one year of course credit that can be earned through qualifying scores on proficiency exams or demonstrated competencies. In so doing, the

institutions must maximize the application of the credits toward lower division general education requirements.

Each institution of higher education must provide a list of postsecondary courses that can be fulfilled by proficiency exams or demonstrated competencies to the HECB and the SBCTC in a form that the OSPI is able to distribute to school districts.

The HECB must annually publish on its website the agreed-upon list of high school courses qualifying for postsecondary credit and the exam scores and demonstrated competencies meeting postsecondary requirements.

This is to be referred to as the Launch Year Act.

Votes on Passage

	Yeas	Nays
House	70	27
Senate	43	4

Governor Signed, April 15, 2011

Salaries, Benefits And Personnel

**62ND WASHINGTON STATE LEGISLATURE
2011 REGULAR SESSION**

2SHB 1132

Regarding reducing compensation for educational and academic employees

SPONSOR:	Haigh	EFFECTIVE DATE:	July 1, 2011
STATUS:	Chapter 18, 2011 Laws 1st Special Session	STAFF CONTACT:	John Boesenberg

Background:

Initiative 732

Initiative 732 (I-732) was approved by voters in the November 2000 general election. It required the state to provide an annual Cost-of-Living Adjustment (COLA) for K-12 teachers and other public school employees, as well as community college and technical college academic employees and classified employees at technical colleges. The COLA is based on the Seattle-area Consumer Price Index (CPI) from the most recently completed calendar year.

In 2003 after the Washington Supreme Court ruled in *McGowan v. State* regarding interpretation of the state's funding obligation, the Legislature amended the statute to specify that the state must provide funding for cost-of-living increases for K-12 state-funded formula staff units only.

Legislation was enacted to suspend I-732 for the 2003-05 biennium. Therefore, no COLAs were provided for the 2003-04 or 2004-05 school years. However, a salary adjustment was provided that biennium for state formula certificated instructional staff in their first seven years of service.

The Legislature again suspended I-732 for the 2009-11 biennium. In addition, the Legislature specified in Chapter 573, Laws of 2009 (Substitute House Bill 2363) that the suspended COLAs in the 2009-11 biennium would be made up in the ensuing biennia. Specifically, statute requires that salary rates must be adjusted such that, by the end of the 2014-15 school year, base salaries used in state allocation formulas are, at a minimum, what they would have otherwise been if COLAs had not been suspended during the 2009-11 biennium.

Initiative 732 COLA adjustments assumed in the 2009-11 maintenance level budget are 4.2 percent for the 2009-10 school year, and 0.6 percent for the 2010-11 school year. According to the November 2011 forecast from the Economic Revenue and Forecasting Council, Seattle CPI is 0.4 percent for calendar year 2010 (applicable to school year 2011-12) and 1.9 percent for calendar year 2011 (applicable to school year 2012-13).

Effect:

Initiative 732 COLAs are suspended for the 2011-12 and 2012-13 school years for both K-12 and applicable higher education employees. Additionally, bonuses for K-12 teachers certified under the National Board for Professional Teaching Standards program are subject to appropriations in the budget for the 2011-12 and 2012-13 school years.

Votes on Passage

	Yeas	Nays
House	64	32
Senate	28	16

Governor Signed, June 7, 2011

HB 1179

Clarifying that public employees may attend informational or educational meetings regarding legislative issues

SPONSOR:	Hunt	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 63, 2011 Laws	STAFF CONTACT:	John Boesenberg

Background:

State ethics laws and legislative ethics rules prohibit the use of any person, money, or property under a legislator's official control or direction or in his or her official custody for the private benefit or gain of the legislator. However, there are exceptions to this prohibition, and the Legislative Ethics Board has general rules interpreting the exceptions. For example, if there is no actual cost to the state or the cost is de minimis, if there is a public benefit, and if the use does not interfere with the performance of official duties, then infrequent and incidental use of state resources for private benefit may be permissible.

In addition, a legislator may not use or authorize the use of state facilities, directly or indirectly, for the purpose of assisting a campaign for election of a person to office or for the promotion of or opposition to a ballot proposition. Knowing acquiescence by a legislator with the authority to direct, control, or influence the actions of the state officer or state employee using the public resources constitutes a violation.

Facilities of an agency include stationery, office space, publications, and use of state employees.

Among the exceptions to this prohibition: a legislator may use state facilities for activities that are part of the normal and regular conduct of the office; and he or she may have de minimis use of public facilities incidental to the preparation or delivery of communications.

Effect:

Exceptions are added to state ethics laws regarding the prohibition against: (1) the use of public facilities by a legislator or state employee for political purposes; and (2) a legislator's use of a state employee for political purposes during the employee's working hours.

These new exceptions have the effect of clarifying the scope of state ethics prohibitions by establishing that:

- state employees are not prohibited from attending an informational or educational meeting regarding legislative issues while accompanied by a legislator or other elected official; and

- state facilities, including state-owned or leased buildings, may be used for informational or educational meetings regarding legislative issues.

Votes on Passage:

	Yeas	Nays
House	97	0
Senate	49	0

Governor Signed, April 14, 2011

HB 1770

Enhancing small business participation in state purchasing

SPONSOR:	Hasegawa	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 358, 2011 Laws PV	STAFF CONTACT:	Linda Schoonmaker

Background:

State Procurement.

The Department of General Administration (DGA) establishes overall state policy for state purchasing, and contracts with individuals and companies outside of state government to provide goods and services to the state. Under delegated authority, other state agencies and the institutions of higher education also contract for goods and services. The state's purchasing authority is generally organized into categories based on the type of service.

Among these categories are:

- *Purchased goods and services.* These goods and services are those provided by a vendor to accomplish routine, continuing, and necessary functions.
- *Personal services.* This term refers to professional or technical expertise provided by a consultant to accomplish a specific study or project.
- *Information services.* These services include data processing, telecommunications, office automation, and computerized information systems.
- *Printing services.* This term refers to the production of the state's printed materials.

Except in specific circumstances, Washington law does not provide preferences to bidders who are in-state. The statutory exceptions include:

- *Ferries.* In Washington, the Department of Transportation's bid documents for jumbo ferries must include a requirement that the vessels be constructed within Washington, with exceptions for certain equipment and systems.
- *Washington-grown food for schools.* School districts are authorized to implement policies to maximize the purchases of Washington-grown food. Such policies may include permitting a percentage price preference for Washington-grown food.
- *In-state printing.* Printing for state agencies must be done within Washington, unless the work cannot be executed in state or the lowest in-state bid exceeds the customary charges in the private sector.

In addition to these in-state preferences, the DGA is required to identify other states that provide in-state preferences to their own bidders. If a bidder from one of those states submits a bid for a state contract in Washington, the GA may add a percentage increase to that bidder's proposal. This increase is used only to evaluate the bid and is not paid to any supplier whose bid is accepted.

Legal Challenges to In-State Preference Laws.

State procurement laws that give preference to domestic goods or prohibit purchasing foreign goods have been challenged on one or more grounds. These include arguments that such laws are: (1) invalid exercises of state power under the federal Commerce Clause; (2) preempted by federal statute or in violation of international agreements on government procurement; or (3) in violation of Equal Protection/Privileges and Immunities clauses of the United States Constitution.

Effect:

All state purchasing agencies, including institutions of higher education, must establish and implement a plan to increase the number of small businesses annually receiving state contracts for goods and services.

The Department of General Administration (DGA) must develop a model plan for state agencies to increase:

- the number of small businesses registering in the state's common vendor registration and bid notification system;
- the number of such registered small businesses annually receiving state contracts for goods and services purchased by the state; and
- the percentage of total state dollars spent for goods and services purchased from such registered small businesses.

All state agencies are authorized to adopt the model plan developed by the DGA. Any state purchasing agency not adopting the DGA model plan must establish and implement a plan consistent with the goals required under the DGA model. State purchasing agencies must give technical assistance to small businesses including:

- providing opportunities for the agency to answer vendor questions about the bid solicitation requirements in advance of the bid due date; and
- upon request, holding a debriefing after the contract award to assist vendors in understanding how to improve his or her responses for future procurements.

State purchasing agencies must maintain records of contracts awarded to registered small businesses to track outcomes regarding the effects of the technical assistance on the number of small businesses annually receiving state contracts for goods and services purchased by the state. All other state agencies are encouraged to maintain such records of contracts awarded to registered small businesses.

Subject to appropriated funds in 2012, by November 15, 2013, and November 15 every two years thereafter, state purchasing agencies must submit a report to the Legislature regarding the effects the technical assistance is having on the number of small businesses annually receiving state contracts for goods and services purchased by the state.

Subject to appropriated funds in 2012, the DGA, in consultation with the Department of Information Services, the Department of Transportation, and the Department of Commerce, must develop and implement a web-based information system in order to track the effects the technical assistance is having on the number of small businesses annually receiving state contracts for

goods and services purchased by the state. Once the web-based information system is funded and developed, the DGA must make the information system available to all state purchasing agencies by December 31, 2013.

The act amends the minimum threshold dollar amount from \$5,000 to \$10,000 for contracts between a consultant and an agency (personal service contracts) which must be placed on the state's common vendor registration and bid notification system. Technology procurement bids for both goods and purchased services of \$50,000 or greater and personal services of \$10,000 or greater, must be posted on the state's common vendor registration and bid notification system.

Defines "state purchasing agencies," "in-state business," and "small business."

Partial Veto Summary:

Section 5 was vetoed because it inadvertently eliminated the ability for agencies to make purchases up to three thousand dollars based on buyer experience and knowledge of the market and was in conflict with RCW 43.19.1906(2).

Votes on Passage

	Yeas	Nays
House	74	22
Senate	48	1

Governor Signed, May 16, 2011

ESHB 1981

Addressing public employee postretirement employment and higher education employees' annuities and retirement income plans

SPONSOR:	Bailey	EFFECTIVE DATE:	July 1, 2011 (except for sections 10 and 19, relating to the repeal of the 1,500 hour per year provision in PERS and TRS Plans 1, which take effect on January 1, 2012)
STATUS:	Chapter 47, 2011 Laws 1st Special Session	STAFF CONTACT:	John Boesenberg

Background:

The various plans of the Washington State Retirement System each contain rules prescribing the circumstances under which a retired employee may return to employment within a retirement system-covered position and continue to receive retirement benefits.

- PERS and TRS Plan 1 members may work for up to 1,500 hours per year for three years (or certain part-time equivalents) without suspension of retirement benefits.
- For the Plans 2 and 3 of PERS and TRS, as well as for the School Employees' Retirement System (SERS) and the Public Safety Employees' Retirement System (PSERS), upon returning to employment into a retirement system-covered position, a retiree generally is able to receive retirement benefits for the first 867 hours of employment each year.

The number of years a PERS Plan 1 or TRS Plan 1 retiree may work for 1,500 hours without a reduction in benefits is limited. Each retiree from these two plans may only work in a plan eligible position for a lifetime cumulative limit of 1,900 hours beyond 867 hours per calendar year.

Higher Education Retirement Plan

State institutions of higher education are authorized to offer the Higher Education Retirement Plan (HERP) to faculty and other employees whose positions are designated as eligible by their respective boards. The HERPs are administered by each institution, unlike the other state retirement systems that are administered by the DRS. The HERPs provide defined contributions, typically 5 percent of pay from each of the employer and employee until age 35, 7.5 percent of pay from each until age 50, and the employer matching up to 10 percent of pay from age 50 until retirement.

The HERP also has a guaranteed defined benefit, called the Supplemental Benefit. The Supplement Benefit amount is calculated based upon a comparison of a retirement benefit goal with a projected benefit based on a model portfolio. If the retirement goal is less than the projected benefit, a supplemental benefit is paid by the Plan sponsor. The HERP Supplemental Benefit costs are paid out of operating budgets. Current and projected HERP Supplemental Benefit obligations have grown in recent years.

Positions covered by the HERP are not considered to be Washington State Retirement System-covered for purposes of the post-retirement employment rules in the PERS, SERS, or PSERS.

Effect:

Employees exempt from civil service are eligible to participate in the Higher Education Retirement Plan (HERP).

The HERP Supplemental Benefit is eliminated for employees that enter the plan after July 1, 2011. Employees offered participation in HERP on or after July 1, 2011, must be provided the option of joining the Teachers' Retirement System (TRS) Plan 3 or Public Employees' Retirement System (PERS) Plan 3.

State funding for the HERPs is limited to 6 percent of salary.

The PERS and TRS Plan 1 retirees may receive benefits while employed in a plan eligible position for up to 867 hours per year. After that limit is reached, benefits are suspended until the next year. Positions covered by the HERP are added to those included in the post-retirement employment pension restrictions for the PERS, TRS, School Employees' Retirement System (SERS), and Public Safety Employee Retirement System (PSERS).

Higher education sponsors responsible for payment of HERP Supplemental Benefits are required to contract with and provide data to the Office of the State Actuary for actuarial valuations every two years beginning June 30, 2013, and experience studies of the HERPs at least once in every six-year period. The first being study is due by June 30, 2013.

A 0.25 percent of pay contribution rate, paid by the employer to a new supplemental benefit fund, is initiated for HERP-covered employees beginning January 1, 2012. The contribution rate increases to 0.5 percent of pay beginning July 1, 2013. This fund is invested by the State Investment Board. Upon completion of the first actuarial valuation by the State Actuary (no later than June 30, 2013), the Pension Funding Council (PFC), may make changes to the 0.5 percent contribution rate. The PFC is authorized to recommend legislation, upon accumulation of sufficient funding in the Supplemental Benefit Fund, to transfer responsibility for benefit payments to the new fund and adjust contribution rates to reflect the transfer of responsibility.

Votes on Passage

	Yeas	Nays
House	94	2
Senate	42	0

Governor Signed, June 15, 2011

HB 2021

Limiting the annual increase amounts in the public employees' retirement system plan 1 and the teachers' retirement system plan 1

SPONSOR:	Pettigrew	EFFECTIVE DATE:	June 30, 2011
STATUS:	Chapter 362, 2011 Laws	STAFF CONTACT:	John Boesenberg

Background:

The basic retirement allowance of a member of Plan 1 of the Public Employees' Retirement System (PERS Plan 1) or the Teachers' Retirement System (TRS Plan 1) is equal to 2 percent of the member's average final compensation, calculated on the members' highest consecutive two years of compensation, for each year of service. Retirement benefits are available to members after 30 years of service at any age, with 25 years of service at age 55, and with 5 years of service at age 60.

Retirees' benefits may be eligible for an annual increase from a benefit generally referred to as the "Uniform" cost of living adjustment (COLA), or "Uniform COLA." The Uniform COLA was created in 1995, and is an automatic, annual, service-based COLA paid every July 1. The Uniform COLA is payable on the first calendar year in which the recipient turns age 66 and has been retired for one year.

The Uniform COLA is a fixed dollar amount multiplied by the member's total years of service. The dollar amount of the Uniform COLA is currently \$1.88 and increases by 3 percent every year on July 1. Statute specifies that members do not have a contractual right to future increases to the Uniform COLA. For a member with 30 years of service, the Uniform COLA would have most recently increased the member's benefit by \$56.40 per month.

There are two minimum benefits in place for members of PERS Plan 1 and TRS Plan 1.

The basic minimum benefit is a fixed dollar amount per month multiplied by the member's total years of service. The basic minimum benefit is currently \$42.63 and increases on July 1 every year by the dollar amount of the Uniform COLA. A member with 25 years of service is therefore eligible for a minimum benefit of \$1,065.75 per month and with 30 years of service, the minimum benefit is \$1,278.90 per month.

The other minimum benefit provides a benefit of \$1,000 per month and was established in 2004 for members of PERS 1 and TRS 1 who have either at least 25 years of service credit and have been retired for at least 20 years, or at least 20 years of service credit and have been retired for at least 20 years. The \$1,000 minimum monthly benefit, which is also subject to reductions if the

member selects the enhanced cost-of-living adjustment or survivor benefit options, is increased annually by 3 percent per year.

Effect:

Public Employees' and Teachers' Retirement Systems Plan 1 (PERS Plan 1 and TRS Plan 1) members benefits are no longer increased through the Uniform COLA above the amount in effect on July 1, 2010, unless a retiree qualifies for the basic minimum benefit. Members of PERS Plan 1 and TRS Plan 1 that qualify for the minimum benefit formulas in the plans will continue to receive the Uniform COLA.

The minimum contribution rates for the PERS Plan 1 unfunded liability is reduced from 5.25 to 3.5 percent, and for the TRS Plan 1 unfunded liability from 8.0 to 5.75 percent.

The alternative minimum benefit, commonly referred to as the "\$1,000 minimum benefit" is increased to \$1,500, and after the increase continues to be indexed by 3 percent per year.

Votes on Passage

	Yeas	Nays
House	52	45
Senate	28	17

Governor Signed, May 16, 2011

2ESB 5773

Making a health savings account option and high deductible health plan option and a direct patient-provider primary care practice option available to public employees.

SPONSOR:	Zarelli	EFFECTIVE DATE:	August 24, 2011
STATUS:	Chapter 8, 2011 Laws 1st Special Session	STAFF CONTACT:	John Boesenberg

Background:

In 2003 Congress enacted section 223 of the Medicare Modernization Act which allows people to establish health savings accounts (HSAs) to work in combination with qualifying high-deductible health plans (HDHP) to help finance medical expenses. A health plan qualifies as an HDHP if it has an annual deductible of at least \$1,200 for individuals and annual out-of-pocket expenses (not premiums) that do not exceed \$5,950.

HSAs are tax-free accounts that can be set up by individuals or employers. They are personal accounts that are owned by individuals, even when employers establish and contribute to them. Interest earned is not taxed, and funds that are not used may carry over to the following year.

Under Chapter 299, Laws of 2006 (EHB 1383) the Health Care Authority (HCA) is directed to develop a Health Savings Account option for covered employees. A Health Savings Account option is not currently available to employees enrolled in HCA-administered health plans.

Chapter 257, Laws of 2007 (E2SSB 5958) created a statutory framework for direct patient provider primary health care practices. Direct practices were explicitly exempted from the definition of health care service contractors in insurance law. Direct practices furnish primary care services in exchange for a direct fee from a patient. Services are limited to primary care, including screening, assessment, diagnosis, and treatment for the purpose of promotion of health, and detection and management of disease or injury. Direct practices are also allowed to pay for charges associated with routine lab and imaging services. Direct practices are prevented from accepting payments for services provided to direct care patients from regulated insurance carriers, all insurance programs administered by the Washington State Health Care Authority (Authority), or self-insured plans. Direct practices may accept payment of direct fees directly or indirectly from non-employer third parties, but are prevented from selling their direct practice agreements directly to employer groups.

Effect:

The Health Care Authority (HCA) is directed to offer a high-deductible health plan with a health savings account as an option alongside its traditional comprehensive medical insurance offerings

in the Public Employees' Benefits Board (PEBB) program, beginning with the 2012 plan year. The HCA must also develop a plan to offer direct patient provider primary care practices to PEBB participants for the open enrollment period beginning with the 2013 plan year and submit the plan to the PEBB and the House and Senate health care committees by December 1, 2011.

By November 30, 2015, and annually thereafter, the Health Care Authority is required to submit a report to the relevant legislative policy and fiscal committees that includes medical care utilization trends over the past three years, the demographics of each plan offered to employees, and the impact of alternative plan offerings on the most comprehensive plan offered to employees.

Votes on Passage

	Yeas	Nays
House	80	15
Senate	32	9

Governor Signed, May 31, 2011

SB 5860

Addressing state government employee compensation

SPONSOR:	Murray	EFFECTIVE DATE:	July 1, 2011
STATUS:	Chapter 39, 2011 Laws 1st Special Session	STAFF CONTACT:	John Boesenberg

Background:

The programs and functions of state government are administered by numerous state agencies and institutions, the costs of which are appropriated by the Legislature. These costs include expenditures for salaries, wages, equipment, personal services contracts, and state employee travel and training.

Generally, state employment positions are either exempt, general service, or Washington Management Service (WMS). General service employees are eligible to collectively bargain if they so elect. In higher education, employee positions typically are either exempt or general services; some categories of exempt employees as well as general service employees may collectively bargain if they so elect. For example, higher education faculty and graduate students are exempt employees but may collectively bargain. For employees who collectively bargain, salary and wage increases are determined as provided in the existing contract.

Effect:

During the 2011-13 biennium, base salaries are reduced 3 percent for all state employees except for elected officials whose salaries are established by the Commission on Salaries for Elected Officials; employees at state institutions of higher education; certificated employees of the state School for the Blind and the Center for Childhood Deafness and Hearing Loss; commissioned officers of the State Patrol; represented ferry workers of the Department of Transportation; and employees whose monthly full-time equivalent salary is less than \$2,500 per month. Employees subject to the salary reduction accrue additional Temporary Salary Reduction leave at the rate of 5.2 hours per month. Amounts paid during the 2011-13 fiscal biennium to state employees who cash-out annual or sick leave at the time of retirement or sick leave in excess of 60 days at any time are not reduced by temporary compensation reductions.

Agencies that are prevented by the terms of a collective bargaining contract from implementing the 3 percent salary reduction are required to achieve a 3 percent reduction in compensation expenditures through employee leave without pay, reduced work hours, temporary layoffs, or other actions consistent with the terms of the collective bargaining agreement. State institutions of higher education are required to reduce compensation to meet savings targets provided in the Omnibus Appropriations Act.

During the 2011-13 fiscal biennium, no performance-based awards or incentives may be granted to state employees. Agencies are prohibited from granting a salary increase for exempt or WMS employees during the 2011-13 fiscal biennium, except in cases where a demonstrated recruitment and retention issue exists. Agencies that do give salary increases to exempt or WMS employees are required to submit reports by July 31, 2012, and July 31, 2013, describing the increases given and the reasons for granting them.

Votes on Passage

	Yeas	Nays
House	72	24
Senate	36	10

Governor Signed, June 15, 2011

Tuition and Student Services

**62ND WASHINGTON STATE LEGISLATURE
2011 REGULAR SESSION**

SHB 1089

Regarding instructional materials provided in a specialized format

SPONSOR:	McCoy	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 356, 2011 Laws PV	STAFF CONTACT:	Scott Copeland

Background:

Upon request by a public or private institution of higher education acting on behalf of a student with a print access disability, a publisher of instructional materials must, unless technically unable, provide the institution any instructional material in an electronic format mutually agreed upon by the publisher and the institution. This includes computer files or electronic versions of printed instructional materials, video materials captioned or accompanied by transcriptions of spoken text, and audio materials accompanied by transcriptions. These must be provided in a timely manner and at no additional cost to the institution.

A request from an institution to a publisher for materials in a specialized format must be in writing and include the institution's certification that:

- the student has a print access disability preventing the student from utilizing the standard format material;
- the material is for the student's use in connection with a course in which the student is enrolled; and
- the student or the institution has purchased the material in its standard format prior to requesting the specialized format.

A publisher may require that requests for specialized format materials also include a statement signed by the student promising that the material will be used solely for the student's own purposes and that the student will not copy or duplicate the material for use by others. An institution that allows students to use specialized format instructional material must take precautions to ensure students do not copy or distribute the material in violation of federal copyright laws.

An institution may also arrange on its own for the transcription or translation of standard format materials and may share the specialized formats created with other students who have print access disabilities, including students at other institutions. Each institution must establish guidelines for implementation and administration of requests for, and use of, instructional materials in specialized formats.

The Americans with Disabilities Act (ADA) is a federal law whose purpose is to provide a clear and comprehensive national mandate for the elimination of discrimination against persons with disabilities.

Effect:

The Legislature finds that the knowledge, skill, and ability to succeed both academically and later in a chosen profession are accumulated through many sources, including instructional materials. Generally, an institution that provides a specialized format version of instructional material may not require that the student return the specialized format version.

There is a limited exception to this prohibition on requiring the return of the specialized format version when the institution has: (1) determined that it is not required to allow the student to retain the material under the ADA or other applicable laws; and (2) translated or transcribed the material into the specialized format at its own expense and the cost to reproduce a copy of the translation or transcription is greater than \$100.

Partial Veto Summary: The Governor vetoed the intent section which found that the knowledge, skill, and ability to succeed in a chosen profession are accumulated through many sources, including instructional materials, and stated that it was the intent of the Legislature to ensure that students be permitted to retain specialized format versions of instructional materials if they so desired.

Votes on Passage

	Yeas	Nays
House	97	0
Senate	46	0

Governor Signed, May 16, 2011

HB 1163

Creating a work group on preventing bullying, intimidation, and harassment and increasing student knowledge on mental health and youth suicide.

SPONSOR:	Lias	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 185, 2011 Laws	STAFF CONTACT:	Kayeri Akweks

Background:

Harassment, Intimidation, and Bullying:

Since 2003 school districts have been required to maintain a district policy prohibiting harassment, intimidation, and bullying of any student. The Office of the Superintendent of Public Instruction (OSPI) developed a model prevention policy and training materials to assist school districts.

In 2010 legislation was enacted requiring the OSPI to revise and update the model policy, create a model procedure, and adopt rules regarding communication to parents, students, and employees. The 2010 law requires school districts to amend their policies by August 1, 2011, to at a minimum, incorporate the new OSPI policy and procedure. School districts must also designate a primary contact person in the district for their policies and procedures. The Office of the Education Ombudsman (OEO) is designated as the lead agency to provide resources and tools to parents and families about anti-harassment policies and strategies.

The OSPI convened a workgroup of stakeholders to assist in developing the new model policy and procedure. In November 2010 the OSPI conveyed the new policy and procedures to the Education Committees of the Legislature, and included the following additional recommendations from the workgroup:

1. A continuing state-level anti-bullying workgroup is needed to advise the Legislature on the next steps in addressing bullying.
2. Training is needed for all school staff and should be required where resources permit.
3. School districts should periodically analyze their data on harassment, intimidation, and bullying and remediate where there are high incidents of bullying.
4. Funding should be provided to assist districts with training, data collection, best practices, and additional personnel to monitor areas with low supervision.

Health and Fitness Standards:

The OSPI has developed the Essential Academic Learning Requirements (EALRs) for health and fitness that require students to gain knowledge and skills in:

- movement, physical fitness, and nutrition;
- dimensions of health, stages of growth and development, reduced health risks, and promotion of safe living;

- analysis and evaluation of the impact of real-life influences on health; and
- analysis of personal information to develop an individualized fitness plan.

These EALRs serve as umbrella concepts. There are more detailed grade level expectations to provide further specificity for each grade level. School districts make curriculum decisions and determine what materials are used to provide health and fitness instruction.

School districts must have classroom-based assessments or other strategies in place for elementary, middle, and high school to assure that students have an opportunity to learn health and fitness. Parents of students who have been bullied or harassed often testify that their children become depressed and sometimes suicidal as a result of their experiences.

Effect:

The OSPI and the OEO convene a school bullying and harassment prevention workgroup to develop, recommend, and implement strategies to improve school climate and create respectful learning environments in public schools. The Superintendent of Public Instruction or a designee serves as Chair. The workgroup must:

- consider whether additional disaggregated data on incidents of bullying and harassment should be collected and make recommendations to the OSPI on data collection;
- examine procedures for anonymous reporting of incidents;
- identify curriculum and best practices for improving school climate; incorporating instruction about mental health, youth suicide prevention, and prevention of bullying and harassment; and training staff and students in de-escalation techniques;
- recommend best practices for informing and involving parents;
- recommend training for school district primary contacts;
- recommend pre-service training for educators;
- examine and recommend policies for discipline of students and staff; and
- in collaboration with the State Board for Community and Technical Colleges (SBCTC), examine and recommend policies to protect K-12 students attending community and technical colleges from bullying and harassment.

The workgroup includes representatives from the State Board of Education, the Washington State Parent-Teacher Association, the Washington State Association of School Psychologists, school directors and administrators, school staff, youth, community organizations, and parents. A biennial report is required beginning December 1, 2011, until the workgroup expires January 1, 2016.

The SBCTC and the Higher Education Coordinating Board must compile and analyze college and university policies and procedures regarding harassment, intimidation, and bullying prevention. Each must submit a report to the Education and Higher Education Committees of the Legislature with recommendations for improvement by December 1, 2011. The report must also include recommendations about disaggregated data, training for personnel who are primary contacts regarding policies, and policies for disciplining students and staff who harass, intimidate, or bully.

Beginning July 1, 2012, issues of mental health and suicide prevention education are included in health and fitness learning standards for purposes of classroom based assessments. The OSPI is directed to work with other agencies to develop pilot projects to assist schools in implementing youth suicide prevention activities.

Votes on Passage:

	Yeas	Nays
House	73	23
Senate	41	6

Governor Signed, April 29, 2011

HB 1294

Establishing the Puget Sound corps

SPONSOR:	Tharinger	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 20, 2011 Laws	STAFF CONTACT:	Scott Copeland

Background:

The Washington Conservation Corps (WCC) is a program that provides fee-for-service youth work crews for projects that address defined goals. The WCC is implemented jointly by the Employment Security Department, the Department of Ecology (DOE), the Department of Fish and Wildlife (WDFW), the Department of Natural Resources (DNR), and the State Parks and Recreation Commission (SPRC). Each department is responsible for: recruiting staff and WCC members; executing agreements that allow the WCC crews to work; applying for and accepting grant funding; and prioritizing projects.

The DOE, DNR, WDFW, and SPRC all have specified tasks that their respective WCC crews may complete. These eligible projects are related to the functions of the associated agency.

For instance: the WCC crews working for the DOE may work on litter pickup or irrigation ditch maintenance; the WCC crews working for the DNR may focus on jobs such as wood cutting and reforestation. The WDFW and SPRC have similar agency-specific lists.

With some exception, the WCC members must be unemployed Washington residents between the ages of 18 and 25 years who are United States citizens or lawful permanent residents of the United States. Special efforts are required for the recruitment of minority and disadvantaged youth, and for youths residing in areas with a substantial unemployment rate.

Members of the WCC serve a six-month term which may be extended up to two years. Members may only be paid the state minimum wage, although an increase in pay of up to 5 percent is allowed for each additional six-month term served.

Effect:

The administration of the WCC is centralized at the DOE. The DOE must administer the WCC program as a partnership with the DNR, the WDFW, and the SPRC. The DOE may also partner with other agencies and non-profits when appropriate to advance the WCC's program goals. Partnering agencies may maintain a WCC coordinator to assist with the agency partnership.

The WCC remains an organization that provides pay-for-service work crews to complete projects designed to address identified program goals. The program goals for the WCC are broadened and are no longer individually specified for each state agency participant. The program goals, applicable to both the DOE and all the partner agencies, are related to the protection, promotion, or restoration of certain identified public assets.

These assets include public lands, state natural resources, water quality, habitat, outdoor recreation and state historic sites. The DOE may develop more than one career pathway within the WCC to match crew member interests with project types.

If deemed practicable, the department shall work with the state board for community and technical colleges to align the conservation corps program with optional career pathways for participants that may provide instruction in basic skills in addition to the appropriate technical training.

In addition, the DOE is directed to create and administer the Puget Sound Corps (PS Corps). The PS Corps is to be a distinct program within the WCC. The PS Corps work crews may be assigned to projects meeting the same goals as other WCC work crews. However, the PS Corps are also directed to seek to deploy work crews to assist with the restoration of the Puget Sound. The activities of the PS Corps must be prioritized, when practicable, to focus on projects located within the Puget Sound basin that further the Puget Sound Partnership's Action Agenda, benefit public lands, lead to habitat restoration, or are centered on education and stewardship.

The administrative responsibilities for the WCC are removed from the DNR, the WDFW, and the SPRC. These responsibilities are given only to the DOE and include: recruiting staff; serving as a central grant application recipient; establishing consistent work standards; and reviewing the success of the WCC projects. The recruitment of the WCC participants is a primary function of the DOE; however, the DOE should coordinate recruitment when possible with the DNR, the WDFW, the SPRC, the Washington Department of Veterans Affairs, the Employment Security Department, technical and community colleges, and any interested postsecondary education institution.

A person must be a Washington resident and between the ages of 18 and 25 years to participate in the WCC. The upper age limit may be waived for crew leaders, specialists, military veterans, and individuals with sensory or mental handicaps. Recruitment efforts must be targeted to fully matriculated students, disadvantaged and minority youths, and military veterans. Recruited WCC participants serve a three-month tour and are eligible for three-month extensions until two years are served. Longer terms of service are available for certain specialty crews.

The Director of the DOE and the Commissioner of Public Lands are directed to jointly host an annual meeting to serve as a forum for partner agencies and other affected organizations and to provide guidance and feedback concerning the WCC. The annual meeting participants must review recently completed WCC projects and establish a work plan for the next year.

The centralization of administration is prospective only and does not affect any existing grant awards or WCC placements. Going forward, the Salmon Recovery Funding Board must give preference to projects proposed to be undertaken by the WCC within the list of projects that qualify for grant funding.

Votes on Passage

	Yeas	Nays
House	67	30
Senate	38	9

Governor Signed, April 11, 2011

HB 1728

Requiring businesses where food for human consumption is sold or served to allow persons with disabilities to bring their service animals onto the business premises

SPONSOR:	Eddy	EFFECTIVE DATE:	July 22, 2011
STATUS:	Chapter 237, 2011 Laws	STAFF CONTACT:	Scott Copeland

Background:

Under Washington law, "service animal" means any animal that is trained for the purposes of assisting or accommodating a disabled person's sensory, mental, or physical disability.

Washington's Law Against Discrimination.

Washington's Law Against Discrimination establishes that it is a civil right to be free from discrimination based on race, color, creed, national origin, sexual orientation, sex, veteran or military status, the presence of any sensory, mental, or physical disability, or the use of a trained dog guide or service animal. This right applies to: employment; places of public resort, accommodation, or amusement; commerce; and real estate, credit, and insurance transactions.

The prohibition against discriminating in providing public accommodations applies to "any place of public resort, accommodation, assemblage, or amusement" and includes restaurants, hotels, motels, inns, stores, markets, shopping malls, theaters, cinemas, concert halls, arenas, parks, fairs, arcades, libraries, schools, government offices, and hospitals.

The Washington State Human Rights Commission (WSHRC) is responsible, in part, for administering and enforcing the Law Against Discrimination. The WSHRC receives and investigates complaints made by persons alleging unfair practices in violation of this law. If the WSHRC finds that there is reasonable cause to believe that discrimination has occurred, it must first try to eliminate the unfair practice via conference and conciliation. If this process fails, the WSHRC must refer the matter to an administrative law judge who may, after a hearing on the matter, issue an order providing relief to the complainant.

Federal Law and Regulations Related to Service Animals.

The Americans with Disabilities Act (ADA) prohibits discrimination on the basis of disability in employment, state and local government, public accommodations, commercial facilities, transportation, and telecommunications. Under the United States Department of Justice's regulations implementing the ADA, the term "service animal" contains a different meaning than under Washington law. "Service animal" means any dog that is individually trained to do work or perform tasks for the benefit of an individual with a disability, including a physical, sensory, psychiatric, intellectual, or other mental disability. Other species of animals, whether wild or

domestic, trained or untrained, are not service animals. There is an exception for miniature horses, which may be considered service animals in some circumstances.

The ADA requires privately owned businesses that serve the public to allow people with disabilities to bring their service animals into the public areas of the business premises unless the business can demonstrate that making such modifications would fundamentally alter the nature of its goods, services, facilities, privileges, advantages, or accommodations.

Effect:

Food establishments are exempt from complying with the law against discrimination related to public accommodations with respect to service animals. "Food establishment" means any place of business that sells or serves food for human consumption and that has a North American Classification System Code in the list provided in the substitute bill, which includes industries in the following areas: supermarkets and other grocery stores, convenience stores, meat markets, fish and seafood markets, fruit and vegetable markets, baked goods stores, confectionery and nut stores, specialty food stores, warehouse clubs and supercenters, full-service restaurants, limited-service restaurants, cafeterias, grill buffets, and buffets, snack and non-alcoholic beverage bars, and drinking places. The "food establishment" definition would include college campuses offering such services.

Food establishments are prohibited from discriminating on the basis of the use of a service animal by a person with a disability, but only with respect to service animals that fall under the definition of service animal established by current ADA regulations. For the purposes of the antidiscrimination law related to food establishments, "service animal" means any dog that is individually trained to do work or perform tasks for the benefit of an individual with a disability, including a physical, sensory, psychiatric, intellectual, or other mental disability.

Except for miniature horses, other species of animals, whether wild or domestic, trained or untrained, are not service animals. A food establishment must make reasonable modifications in policies, practices, or procedures in accordance with applicable laws in order to permit the use of a miniature horse by an individual with a disability within the food establishment.

Votes on Passage

	Yeas	Nays
House	95	1
Senate	46	2

Governor Signed, May 3, 2011

E2SHB 1795

Enacting the higher education opportunity act

SPONSOR:	Carlyle	EFFECTIVE DATE:	August 24, 2011
STATUS:	Chapter 10, 2011 Laws 1st Special Session PV	STAFF CONTACT:	Deb Merle

Background:

Educational Attainment Goals and the Higher Education Task Force

In 2008 the Legislature approved the 2008 Strategic Master Plan for Higher Education in Washington developed by the Higher Education Coordinating Board (HECB). The plan set targets for additional degree and certificate attainment totaling 31,800 additional certificates and degrees annually.

In 2010 the Governor appointed a Higher Education Task Force (Task Force), composed of Washington business and education leaders, to develop a plan to address the need for increasing the number of Washington residents with baccalaureate degrees. The Task Force recommended:

- increasing college degrees including in high demand fields such as science, technology, engineering, and math;
- providing universities with increased flexibility to set tuition based upon tuition levels in the Global Challenge States;
- expanding financial assistance to low- and middle-income students through an endowment and tax incentive; and
- holding public universities accountable for graduating more students, and improving student transfer and awarding of academic credits.

Tuition Setting Authority

Between 1999 and 2009, governing boards of each institution of higher education and the State Board for Community and Technical Colleges (SBCTC) were granted authority to increase tuition rates for resident undergraduate students within caps set by the Legislature in the State Omnibus Operating Appropriations Act (Operating Budget). Prior to 1999 the Legislature set tuition in statute as dollar amounts for each public institution. Between 1999 and 2009 tuition levels authorized by the Legislature varied.

Tuition amounts (or percentage increases) specified in statute have referred only to the "tuition" portion of tuition and fees. Public colleges and universities are authorized to assess additional fees such as services and activities fees and technology fees within statutory limits.

In 2009 the Legislature directed that increases in tuition for resident undergraduates may not exceed 7 percent per year, except in 2009-2011.

Guaranteed Education Tuition Program

Most states have a form of a "529 Plan" operated by a state or educational institution designed to help families set aside funds for future college costs. They are named after section 529 of the Internal Revenue Code which created these types of savings plans in 1996.

Washington's Guaranteed Education Tuition (GET) Program was created in 1998 as Washington's prepaid college tuition program. The GET Program allows purchasers to buy tuition units for use at a later date. These funds are invested by the State Investment Board and the purchaser is guaranteed that one year's worth of units purchased now will be worth one year's worth of public university tuition in the future. One hundred GET units are equal to one year of resident undergraduate tuition and state-mandated fees at the most expensive public university in Washington.

Performance

In July 2010 the National Governor's Association (NGA) released recommendations on the common higher education measures that states should collect and report publicly. The Task Force in Washington recommended adoption of the NGA metrics:

- outcome metrics: degrees awarded, graduation rates, transfer rates, and time and credits to degree; and
- progress metrics: enrollment in remedial education, success in remedial education, success in first-year college courses, credit accumulation, retention rates, and course completion.

Effect:

Tuition Policy

Tuition-setting authority is granted to the four-year colleges and universities for all students for eight years, through the 2018-19. Beginning in the 2015-16 through 2018-19 academic year they are granted tuition-setting authority within limits based on a state funding baseline year and funding for similar higher education institutions in the Global Challenge States. In the 2019-20 academic year, tuition-setting authority for resident students at public baccalaureate institutions reverts to the Legislature.

The UW is required to enroll at least the same number of resident freshman undergraduate students each academic year as enrolled in 2009-10.

Tuition for community and technical college students is set by the Legislature in the Operating Budget. The SBCTC may authorize differential tuition models.

Student Financial Aid

Instead of 3.5 percent, public baccalaureate institutions that increase tuition above tuition increases assumed in the Operating Budget must remit 5 percent of operating fees back to students in the form of financial aid. Public baccalaureate institutions that do not increase tuition beyond levels assumed in the Operating Budget must remit 4 percent of operating fees in the form of financial aid. All of the increases in the amount required to be retained by public baccalaureate institutions for purposes of the institutional financial aid fund must be specifically targeted for financial aid programs for needy students, such as need-based institutional

employment or need-based tuition and fees scholarship or grant programs, and not be used for any of the other purposes such as short and long term loans and financial aid for high school students enrolled in dual credit programs.

Public baccalaureate institutions must provide financial assistance to State Need Grant eligible students, resident low- and middle- income students to offset increased tuition when a public baccalaureate institution raises tuition beyond levels assumed in the Operating Budget. The amount of financial assistance awarded will be based on a formula using tuition price as a percentage of median family income in various income brackets up to 125 percent of the median family income.

Financial assistance may be provided via various methods with sources from tuition revenue, locally held funds, tuition waivers, or local financial aid programs.

Colleges and universities must collaborate with student associations to make every effort to communicate the American Opportunity Tax Credit and other credits to students and report on the effectiveness of these methods. In addition, colleges and universities shall provide to all undergraduate resident students via the Web or billing statements the sources of all institutional revenue each fiscal year, and the uses of tuition revenue collected during the prior academic or fiscal year by program category as determined by the Office of Financial Management.

Public baccalaureate institutions must report on methods of providing financial assistance; impacts of tuition increases on resident students including debt burdens, excluding private loans; and devise plans to mitigate for negative effects on the student population. The key purpose of the annual report is to provide information to the Legislature on impacts to students and educational access, affordability, and quality as a result of granting flexible tuition setting authority.

Data on student impacts must be disaggregated by income bracket for both the reports by public baccalaureate institutions related to impacts on tuition increases and also for data gathered to report on outcomes.

The HECB, in consultation with four-year colleges and universities and the SBCTC, must develop State Need Grant award criteria and methods of disbursement based on level of need, and not solely rely on a first-come, first-served basis.

Accountability

Four-year public baccalaureate institutions must report annually, by December 1, on performance data that aligns with the National Governor's Association *Complete to Compete* metrics with additions that include graduate and professional degrees; Science, Technology, Engineering, and Mathematics participation; student debt load; and disaggregation of measures based on various student demographics, including socio-economic status and income level, among others.

Each four-year public baccalaureate institution must develop a performance plan and include a minimum set of expected outcomes and higher education institutions must display accountability data on the OFM website.

The Joint Legislative Audit and Review Committee must conduct a performance audit in calendar year 2018 to understand the impact of institutional tuition-setting authority on student access, affordability, and institutional quality, and provide recommendations on whether to continue the authority beyond the 2018-19 academic year.

Dual Enrollment

Running Start students may be charged a fee equal to up to 10 percent of tuition in addition to other mandatory fees. All public colleges and universities must make every effort possible to communicate available fee waivers to eligible low-income Running Start students.

Transfer Policy

Public baccalaureate institutions must award junior standing to a Washington community and technical college graduate who has earned a transferable associate of arts or sciences degree. A graduate who has earned the direct transfer associate of arts degree must be deemed to have met the lower division general education requirements when transferring to a four-year college or university and four-year colleges must award a student junior standing when accepting transfer students from other Washington four-year colleges and universities.

The community and technical colleges, jointly with the four-year institutions of higher education, must develop a list of academic courses that are equivalent to one-year's worth of general education credit and would transfer for that purpose to any other two- or four-year institution of higher education. If a student completes one-year's worth of general education credits, the student may be issued a one-year academic completion certificate. This certificate shall be accepted at any transferring two- or four-year institution of higher education.

All public colleges and universities must develop a minimum of one degree within the arts and sciences disciplines that can be completed within the equivalent of 90 quarter upper division credits by any student who enters a college or university with junior status and lower division general education requirements completed.

Community and technical colleges must identify and publish in their admissions materials a list of college level courses recognized by all four-year colleges and universities as transferable to those colleges and universities. Publication of the list of courses must be easily identified and accessible on the college's website.

Common Course Numbering

The HECB, the SBCTC and the Council of Presidents shall convene a work group, with representatives from higher education institutions, including faculty, to develop a plan for creating common course numbering for all common lower division courses at all institutions of higher education. The plan shall include, but not be limited to the following:

- Identification of key issues and barriers to implementing common course numbering;
- Cost estimates related to implementing common course numbering;
- Faculty and staff time required for development of common course numbering; and
- An implementation timeline.

The plan is due to the higher education committees of the Legislature and the Governor by December 1, 2011.

Prior Learning

A credit for prior learning work group is established. Under the leadership of the HECB, the membership will consist of representatives from the SBCTC, Council of Presidents, four-year institutions, private career institutions, independent higher education institutions, business and labor groups. The work group will report to the Legislature annually its progress on increasing the number of students who receive academic credit for prior learning.

Regulatory Relief

The OFM is required to work with state agencies and the council of presidents to convene an interagency work group to develop and implement improved administration and management practices that enhance the efficiency and effectiveness of operations throughout four-year institutions of higher education and report progress to the Legislature by November 15, 2012, and November 15, 2013.

Baccalaureate Funding Formula

A temporary joint select legislative task force on the baccalaureate funding formula is established. The task force shall consist of two members from each caucus of the House and Senate. Two members from each chamber must be on their respective ways and means committees, and two members from each caucus must be on their respective higher education and workforce development committees.

The task force shall:

- Review statutes and budget provisos which govern public institutions offering baccalaureate degrees;
- Specify the range of public interests and outcomes which are served by public expenditures for higher education services;
- Review the basis for the state funding of public institutions offering baccalaureate degrees; and
- Prepare and approve a recommended state operating budget method which offers greater efficacy, transparency, and accountability for baccalaureate institutions which receive public funds.

The task force will report its findings and recommendations to the Governor and appropriate committees of the Legislature by January 16, 2012.

Partial Veto Summary:

Sections 13 and 14 exempted higher education from the requirements of competitive solicitation for personal services contracts and other purchases that are less than \$100,000. Current law requires competitive solicitation for personal service contract greater than \$20,000 and for other purchases greater than \$35,000.

Section 15 exempted higher education from the requirement that no payments may be made in advance for equipment maintenance services to be performed in excess of one year. Other legislation requires a study and the establishment of a policy regarding these practices for all of state government, including higher education institutions.

Sections 16 through 24 exempted higher education from various spending freezes, such as hiring, personal service contracts, equipment, out of state travel and training, and board member

travel allowances that were imposed during the 2009-2011 biennium. These freezes expire on June 30, 2011. Due to the length of the regular legislative session and special session, sections 15, 16, 17, 18, 19 and 20 have no operative effect because the restrictions expire before the law takes effect.

Section 25 would exempt, through June 30, 2011, higher education institutions from prohibitions on wage and salary increases granted with non-state funds. These prohibitions on wage and salary increases are reinstated for the 2011-13 biennium in SB 5860 for all of state government. In addition, the underlying statute already provides an exemption for higher education to the wage and salary freeze if increases are needed for recruitment and retention purposes. Higher education institutions are still prohibited from granting wage and salary increases using tuition funding for the 2011-13 biennium, unless increases are necessary for recruitment and retention.

Votes on Passage

	Yeas	Nays
House	79	17
Senate	32	13

Governor Signed, June 6, 2011

ESHB 2088

Creating the opportunity scholarship board to assist middle-income students and invest in high employer demand programs

SPONSOR:	Probst	EFFECTIVE DATE:	June 6, 2011
STATUS:	Chapter 13, 2011 Laws	STAFF CONTACT:	Scott Copeland

Background:

There are various kinds of student financial aid; some is private, and some is supported by the state, such as the State Need Grant (SNG). The SNG program helps the state's lowest income undergraduate students pursue education. Students can use the grants at eligible institutions (public two- and four-year colleges and universities, and many accredited independent colleges, universities, and career schools) in Washington. Grants are awarded to individuals with family income up to 70 percent of the median family income.

The Legislature has created public-private partnership scholarship programs in the past. As an example, the GET Ready for Math and Science Program was authorized under RCW 28B.105. Per this statute, the Higher Education Coordinating Board contracted with a program administrator, and the administrator solicited funds from private contributors. The state then matched those contributions and the administrator awarded conditional math and science focused scholarships.

Effect:

The Opportunity Scholarship and Opportunity Expansion programs are created to mitigate the impact of tuition increases, increase the number of baccalaureate degrees in high employer demand and other programs, and invest in programs and students to meet labor market demands. The scholarships are funded by a combination of private and state moneys. The expansion awards are funded with voluntary contributions of high technology research and development tax credits.

Opportunity Scholarship Board

These two programs are overseen by the Opportunity Scholarship Board (Board), made up of seven appointed persons. The Speaker of the House of Representatives and the President of the Senate will each provide a list of nominees to the Governor. The Governor will select one person from each list. Five additional members will be selected by the Governor. Four of the persons appointed by the Governor are to be selected from a list of nominees provided by the private sector donors to the Opportunity Scholarship and Opportunity Expansion programs.

Upon request, the Governor may request an additional list or lists. The Board will identify eligible education and training programs for purposes of the opportunity scholarship, select institutions of higher education to receive opportunity expansion awards, and make recommendations with respect to funding sources for opportunity expansion awards. The Board's oversight and guidance must be consistent with legislative priorities.

Program Administrator

The Higher Education Coordinating Board (HECB), or its successor, contracts with a program administrator, defined as a college scholarship organization that is a private nonprofit entity with expertise in managing scholarships and college advising. The program administrator sets up and manages the scholarship and endowment accounts, staffs the Board and administers the Opportunity Scholarship Program. The program administrator is paid an administrative fee as determined by the Board.

Opportunity Scholarships

Scholarship recipients must: (1) be accepted into a high employer demand program, deemed an eligible education program by the Board; (2) declare an intention to obtain a baccalaureate degree (whether starting at two- or four-year school); (3) have a family income at or below 125 percent of the median family income; and (4) have received their high school diploma or General Educational Development (GED) in Washington. Generally, the annual amount of a scholarship is \$1,000 or the dollar difference between tuition fees charged in the 2008-09 academic year and the academic year for which a scholarship is being distributed, but the amount can be an amount necessary to cover all eligible expenses, as determined by the administrator.

Opportunity scholarships are issued from one of two accounts set up and managed by the program administrator, either the scholarship account or the endowment account. These scholarships are funded by a combination of private contributions and state match moneys.

At least 50 percent of all private contributions must be deposited into the scholarship account until total receipts in that account reach \$20 million, after which the Board determines the distribution between scholarship and endowment accounts, carefully balancing the need for a long-term funding mechanism and short-term needs of students and families.

State match, which must be appropriated by the Legislature, is earned for private contributions made after the effective date and paid beginning the later of January 1, 2014, or the first year with state revenues 10 percent higher than those received in fiscal year 2008.

These state match payments are capped at \$50 million annually. Scholarships may be issued from principal and earnings in the scholarship account, and disbursement may commence in December 2011 as long as at least \$5 million in state match has been received in the Opportunity Scholarship Account.

By contrast, the principal in the endowment account may not be invaded. Additionally, scholarships may be issued from the endowment account only after: state match has been paid to both the scholarship account and the endowment account; state appropriations to the State Need Grant (SNG) meet or exceed such appropriations made in 2011-13; and eligibility for the SNG is maintained at a minimum of 70 percent of the median family income.

Additionally, progress must have been made toward reaching global challenge state funding goals, meaning that the state must demonstrate progress toward the goal of total per-student funding levels, from state appropriations plus tuition of at least the 60th percentile of total per-student funding at similar public institutions of higher education in Washington's global challenge states. Washington's global challenge states are California, Colorado, Maryland, New Jersey, Connecticut, Virginia, Minnesota, and North Carolina.

Opportunity Expansion Program

Opportunity expansion moneys will be distributed to public institutions of higher education that propose programs designed to increase the number of baccalaureate degrees produced in high employer demand and other programs of study. These programs must have a strong emphasis on serving students who received their high school diploma or GED in Washington or are adult Washington residents who are returning to school. This program will initially be funded through voluntary contributions of the existing high tech research and development (R&D) tax credits. The Department of Revenue (DOR) reports the amount contributed to the State Treasurer and the Legislature appropriates the funds.

Reporting Requirements

The Office of Financial Management must report annually, by December 1, regarding the percentage of Washington households with incomes in the middle-income bracket or higher.

The HECB must report regarding the increase in the number of degrees in high employer demand or other programs of study over the average of the preceding 10 academic years.

The Workforce Training and Education Board must include in its comprehensive plan specific strategies to reach the goal of increasing the percentage of Washington households living in the "middle-income bracket" or higher. The DOR must report to the State Treasurer on the amount of R&D tax credits voluntarily contributed to the Opportunity Expansion Program.

In 2018 the Joint Legislative Audit and Review Committee must evaluate and report upon the Opportunity Scholarship and Expansion programs.

Votes on Passage

	Yeas	Nays
House	91	5
Senate	43	2

Governor Signed, June 6, 2011