

Legislative Report

March 10, 2010

Overview

The 2010 session of the Legislature will adjourn on March 11. If the necessary work of the session is not completed at that time, a special session will be called. The exact timing of any special session is not determined. It could occur immediately, but more likely would not be called until after a short break.

As of this writing, the Senate and the House have both passed supplemental budgets. Discussions are underway to resolve the differences between the two chambers. Some of the larger issues to be resolved include how to cut prison space, changes in the program providing cash payments to people who are disabled and unemployed, and how to cover the rising cost of state employee health care, among other matters.

Both chambers resolve the \$2.8 billion budget shortfall with a mixture of spending cuts, fund shifts, federal revenue assumptions, and increases in state revenue. The Senate passed a package of new revenue measures totaling \$890 million, with a three-year increase of three-tenths of one percent in the sales tax as a centerpiece. The House passed its version of a revenue package March 9, a package which does not include the sales tax increase.

Revenue assumptions also differ among the chambers. For example, the House assumes receipt of \$70 million more in federal revenue than is assumed by the Senate. The House assumes that \$30 million will be saved through reduced spending on information technology, and that new lottery marketing plans will generate \$30 million in new revenue; the Senate does not make these assumptions.

Higher Education Retirement Plans

The Higher Education Coordinating Board (HECB) initiated legislation to authorize the HECB to offer higher education retirement plans to employees, just as institutions of higher education and the State Board for Community and Technical Colleges are currently authorized to provide. The Select Committee on Pension Policy officially requested the bill.

In the House Ways and Means Committee, an amendment was added to the bill which limits the scope of the bill in its original form. Only employees with prior participation in a higher education retirement plan are eligible. In addition, employees who have previously retired from a state retirement plan are not eligible.

With the amendment added, the bill cleared House Ways and Means, and was later approved by the House 94-4. The Senate Ways and Means Committee, where the bill has died in previous years, promptly held a public hearing and soon approved the bill. The full Senate passed the measure on a vote of 48-0. Substitute House Bill 1545, prime-sponsored by Rep. Steve Conway, was sent to the Governor on March 6.

System Design

Legislation to implement recommendations from the HECB-led system design project was introduced in both houses. Senate Bill 6355 was passed by the Senate February 12 on a vote of 47-0. In the House Higher Education Committee, although some amendments were discussed, none were adopted. However, the bill attracted several proposed amendments by the time it reached the House floor.

Concerns had been expressed to the House committee about the measure's impact on capital projects at existing institutions. HECB staff developed a proposal for a new amendment intended to address this concern. Under the new language, the system design review process conducted by the HECB would apply to proposals for expanding existing institutions, centers and branches *only if the expansion results in a mission change*. (Mission change is defined in the bill as offering a new level of degree or a change in institutional type not currently authorized by statute. Examples of mission change include cases in which the highest degree offered by an institution would change from an associate degree to a bachelor's degree or from a master's degree to a doctoral degree. An example of change in institutional type is conversion of a university center into a branch campus.)

The amendment discussed above was adopted, as were a series of other amendments, prior to approval by the full House on a vote of 96-0. One of the amendments adopted by the House ran into concern in the Senate, which resulted in the Senate not concurring on House amendments and sending the bill back to the House. The amendment of concern to the Senate called for developing a single prioritized list of capital projects. After discussion among legislators with lead roles on the capital budget, a compromise amendment was developed. It is expected that the House will adopt the compromise amendment on capital project prioritization, then pass the bill again, sending it back to the Senate for expected concurrence.

If assumptions about House adoption of a new striking amendment come to pass, the bill will include the following provisions:

- The Legislature endorses the system design plan and adopts its recommendations and strategies.
- The pilot status of applied baccalaureate programs at community and technical colleges is removed and a provision of existing law barring conversion of two-year colleges into four-year liberal arts colleges is eliminated.
- In order for two-year colleges to offer applied baccalaureate degrees, they must apply to the State Board for Community and Technical Colleges. SBCTC and HECB review applications and select colleges based on criteria such as student and employer demand, availability of faculty, and the capacity of the college to make a long term commitment of resources.
- In the event of a proposal to establish a new institution, branch, campus, or center, or to convert an existing branch, campus, or center in a way that results in a mission change, the HECB would conduct a needs assessment. If the need is established, the HECB would further examine the viability of the proposal. The HECB then recommends to the Legislature and the Governor whether to proceed, not proceed, or modify the proposal.
- A Fund for Innovation and Quality in Higher Education that has been in state law for several years is modified and given a revised focus. It is a competitive grant program to be administered by the HECB in close collaboration with the SBCTC. The purpose of the grants is to encourage innovative approaches to addressing system needs such as educational attainment, access, efficiency, and expanded use of technology.
- The University of Washington is authorized to use a more flexible process for contracting for construction projects of up to \$5 million at certain medical facilities.

- The HECB’s capital budget recommendations must include a single prioritized list of major capital projects the Board recommends be funded by state bonds and building account appropriations.

Dedicating Lottery Revenue

Senate Bill 6409 would create the Washington Opportunity Pathways Account and dedicate lottery revenue to the account. The bill dedicates net lottery proceeds to several financial aid programs, the Early Childhood Education and Assistance Program and the STAR researcher and Innovation Partnership Zones programs. The account could be used to fund the following financial aid programs: State Need Grant, State Work Study, Washington Scholars, Washington Award for Vocational Excellence (WAVE), Opportunity Grant, College Bound Scholarships, Passport to College Promise, GET Ready for Math and Science, and the Washington Promise Scholarship (not funded since 2005).

At current funding levels, about \$310 million is spent on the list of programs authorized to receive funding from this account. The State Lottery anticipates that \$97 million will be generated next fiscal year for deposit in the account.

For the duration of the 2009-11 biennium, these revenues are being sent to the General Fund. Permanent law directs this revenue into the Education Construction Account. In order to hold the Education Construction Account harmless from the effect of dedicating lottery revenue to the Washington Opportunity Pathways Account, \$102 million annually would be transferred from the General Fund to the Education Construction Account.

The State Lottery, in consultation with the HECB, is directed to develop and implement marketing plans portraying the lottery as an essential contributor to Washington’s opportunity pathways.

The bill passed the Senate 35-13, was given a public hearing before the House Ways and Means Committee March 9, and is scheduled for executive action by the committee today at noon.

Prior Learning Recognition

The SBCTC, in collaboration with HECB and a wide array of stakeholders, is directed to develop policies for awarding academic credit for learning in alternative settings including work and military experience, military and law enforcement training, career college training, internships, and apprenticeships. The policies must address verification, accreditation, transfer of academic credit, licensing, professional recognition, and financial aid. The SBCTC is to submit policies, along with any recommendations, to the legislature by December 31, 2010. Senate Bill 6357 has passed the Legislature.

Efficiencies in CTC System

Legislation promoting efficiencies in the community and technical college system has passed the Legislature (Senate Bill 6359). The measure requires that community college districts coordinate with districts in their regions to avoid unnecessary duplication of student services and administrative functions. The SBCTC is required to establish criteria and procedures for consolidating district structures to form multiple campus districts and identify potential administrative efficiencies. A preliminary report is due this December, and a final report in December 2011.