

WSU Constitutional Amendment Introduced

A state constitutional amendment that will allow higher education permanent fund trust monies for the six public baccalaureate institutions to be invested in equities has been introduced in each house of the Legislature at the request of Washington State University.

The proposal is expected to bolster capital investment for public college students and programs without any additional cost to taxpayers. If successful in the Legislature, it will appear on the November ballot for final voter approval.

Many states allow equity investment. Fourteen states have land grant permanent funds that support higher education. Of the 14 states only Colorado, Montana, and Washington do not allow equity investments. That is, Washington and two other states do not allow a state investment fund that includes stocks in private companies. Washington, which manages WSU trust revenues through the state Investment Board, is largely limited to lower-yielding government bonds. WSU's agricultural and scientific permanent funds actually lost money during the past year due to an unfavorable bond market, while the states investing in equities realized gains of 5.4 percent to 11 percent.

The House version (House Joint Resolution 4215) is sponsored by Representatives Phyllis Kenney, D-Seattle, House Higher Education Vice Chairman Mike Sells, GOP Minority Floor Leader David Buri, R-Colfax, State Government Chair Sam Hunt, D-Olympia, and Rep. Alex Wood, D-Spokane. WSU Regent Ken Alhadeff has been directly involved in briefing legislators on the issue.

The statutory change to implement the constitutional amendment is House Bill 1784. Both HJR 4215 and HB 1784 have been referred to the House Capital Budget Committee and a hearing is scheduled for Thursday, Feb. 8 by Chairman Bill Fromhold, D-Vancouver.

The Senate version of these bills (Senate Joint Resolution 8220 and Senate Bill 5766) were introduced this week sponsored by Sen. Karen Fraser, D-Olympia, and Sen. Dale Brandland, R-Bellingham. Fraser and Brandland lead capital budget efforts on the Senate Ways and Means Committee, where the bills were referred. No hearing has yet been scheduled. WSU President Lane Rawlins was directly involved last week, signing up some of the co-sponsors on the bills who also include Senate Transportation Vice Chair Chris Marr, D-Spokane, Senate Higher Education Chair Paull Shin, Senate Republican Floor Leader Mark Schoesler, R-Ritzville, and Republican Deputy Whip Jerome Delvin, R-Richland, the ranking member of the Higher Education Committee, and Sen. Brian Hatfield, D-Raymond, the vice chair of the Senate Agriculture Committee.

The ten-year average for WSU's trusts is about 6 percent, while other states had about an 8 percent return on their investment for higher education.

And while Washington State's constitution does not permit higher education trust money to be invested in equities, that authority has been extended over the years to the state pension funds, Labor and Industries funds, K-12 trusts, and other parts of government.

Institutional funds that would benefit from this proposal include Washington State University, University of Washington, Eastern Washington University, Western Washington University, Central Washington University, and The Evergreen State College.

In other recent legislative developments:

Fueling Washington. Marc Cummings, of Battelle's Pacific Northwest National Laboratories, testified with WSU in the House Higher Education Committee about the vision the two institutions have for "biofuels." They described a plan in which about 35 percent of the fuel consumed by automobiles could be cleaner biofuels made from plant material grown and processed in the state.

The plan, prepared in cooperation with the state Department of Agriculture and the state Department of Ecology, would explore the short-term benefits of converting fuel from field corn, cull potatoes, barley, canola, sugar beets, etc. But Battelle and WSU believe the research that holds the greatest promise for increasing volumes of biofuels is in the area of converting wheat straw, orchard prunings, slash piles from forests, lawn clippings, cull potatoes, food processing waste, municipal garbage, new generation crops, and other biomass.

Governor Christine Gregoire recommended \$4 million in funding to move the research ahead, including setting up a team of 10 PNNL-WSU researchers at the Tri-Cities Bioproducts Facility, which is now under construction. Legislators in both houses are considering Gregoire's proposal. Sen. Jim Kastama, D-Puyallup, has suggested that his "Star Researcher" proposal could provide another \$3 million to bring a National Academy researcher in to lead WSU's biofuels and bioproducts efforts.

WSU Supports The Governor's Budget. WSU continues to open and close budget hearings by expressing support for the Governor's higher education budget. The operating budget funded more than 85 percent of the enrollment increases sought by the university at all campuses.

UW-WSU Local Borrowing Authority. WSU has testified in the House and the Senate for legislation requested by the University of Washington that may allow the research universities to save money on bonds sold to finance certain buildings. The legislation is currently in the House Capital Budget Committee. The sponsor of the House bill (HB 1398) is Rep. Bill Fromhold, D-Vancouver. A hearing has been held in the House Capital Budget Committee. The Senate bill (SB 5384) is proposed by Sen. Karen Fraser, D-Olympia.

Unified Agriculture Request. Many agricultural leaders testified in the Senate Agriculture Committee on a public hearing for the WSU "Unified Agriculture Request." More than 36 agricultural organizations have formally endorsed the request. Gov. Christine Gregoire invested \$3 million seed money into the proposal, specifically providing funding for agricultural experiment stations and competitive research grants. Some House leaders are pushing for funding for other programs contained in the request including a statewide viticulture and enology program leader, a cherry breeder, a scientist to develop new tree fruit varieties, etc. Support for these programs topped the list of "key issues" of the "2007 Ag Package" submitted recently to legislative leadership and the governor by 25 major agricultural organizations.

The Port of Seatac is among those that are weighing in to support expansion of WSU Small Business Development Centers. The port supports the funding provided for the SBDC at Highline Community College, part of the WSU SBDC system. The WSU budget request was fully funded by the governor.

Representatives of the UW Medical and Dental Schools have accompanied WSU Spokane Chancellor Brian Pitcher on legislative visits of legislative offices this session. They have been working to support the proposal to bring more doctors, dentists and nurses to the Inland Northwest. The \$15 million proposal is a partnership of WSU, UW, and Eastern Washington University and was completely funded by the governor.

Rising higher education utility costs for universities emerged as an issue in front of the new House Appropriations Subcommittee during budget hearings on Jan. 30. Like other higher education institutions, WSU has sustained high costs from increasing utility prices, estimated to be \$3.6 million for the 2007-2009 biennium. Unlike other institutions, WSU has additional costs of \$2.8 million associated with the conversion from coal to natural gas at its new Pullman power plant. The committee will begin meeting next week to set priorities for higher education in the operating budget. The committee is chaired by Rep. Kathy Haigh, D-Shelton.

WSU's Alumni Information Network chaired by Lorie Dankers hosted more than 20 legislators at a reception attended by 109 people in the state Capitol on Jan. 29. Speakers included two prominent alums, state Sen. Linda Evans Parlette, R-Wenatchee, and Rep. Sam Hunt, D-Olympia.

Olympia Update is produced for persons interested in state government developments affecting Washington State University. For more information call: Larry Ganders, Assistant to the President, 360-956-2165. From WSU campuses, dial 8-2165. If you wish to subscribe to Olympia Update directly by email, send a blank message from your e-mail account (no signatures or footers please) to: subscribe-olympia_update@listserv.energy.wsu.edu

Olympia Update is produced for persons interested in state government developments affecting Washington State University. For more information call: Larry Ganders, Assistant to the President, 360-956-2165. From WSU campuses, dial 8-2165. If you wish to subscribe to Olympia Update directly by email, send a blank message from your e-mail account (no signatures or footers please) to: subscribe-olympia_update@listserv.energy.wsu.edu