

Olympia Update No. 15 • April 13, 2007
Moving into the final days of session

Legislature approves WSU measure for ballot

The spring blooms are starting to fall from the fabled “sine die” tree, the tulip tree near the east capitol door whose flowers are the historic signal to pending adjournment. Today is the final day under legislative rules for most bills to pass each house of the Legislature in some form.

Hopes for adjournment will blossom once the final compromise operating budget (Substitute House Bill 1128) is released. It will resolve dozens of issues and millions of dollars in differences between the House and the Senate for Washington State University. Just some of the differences include whether tuition will be spent on historic purposes, the funding level for operating buildings and campus utilities, the support level for enrollments, and the commitment to the Unified Agriculture Initiative. Legislators will also try to work out differences in numerous bills that are in dispute between the two houses.

Already, some issues have been resolved by the Legislature:

Substitute House Joint Resolution 4215, the WSU-sponsored constitutional amendment that allows for equity investment in trust land permanent funds, passed the state Senate this week without opposition 45-0 and will be on the November ballot. The measure sponsored by Rep. Phyllis Kenney, D-Seattle, passed the House 92-2 on March 8. Constitutional amendments require a two-thirds vote in each house, something this proposal easily achieved.

The companion bill to implement the change, Substitute House Bill 1784, passed the Senate 47-0 and is headed for the governor’s desk. It is contingent on voter approval of SHJR 4215.

WSU Regents President Ken Alhadeff was directly involved in the lobbying effort throughout the legislative process. It was a major legislative victory for WSU President Lane Rawlins, who has been concerned about trust revenues throughout his presidency and has spoken to numerous legislators about the issue. WSU has about 150,000 acres of trust lands managed by the state Department of Natural Resources. These are largely timber lands that produce revenues that go into “permanent funds” with interest earnings made available for millions of dollars in building and facility improvements at WSU.

The WSU permanent funds will total more than \$360 million by the end of the coming biennium. But the WSU funds actually lost more than a half percent on bond investments during the last year. States like Idaho and Oregon received about an 11 percent return on their permanent funds during the last year. The difference is the Washington State Constitution prohibits any investment in stocks with “permanent funds.” Previous changes to the state constitution have been approved to allow the common schools permanent fund, the pension funds, the state Labor & Industries funds and disability trust funds to be invested in stocks or equities.

This WSU-requested proposal approved by the Legislature for voter consideration extends the same authority to the permanent funds of the state’s colleges and universities. By not allowing similar investments in the higher education permanent funds those funds have provided embarrassingly low returns.

Sen. Karen Fraser, the Olympia Democrat that led efforts for the bills in the Senate, spoke on the floor for the bill. She estimated to her colleagues that if voters approve the constitutional amendment it will bring in \$12 million per year in additional construction dollars for UW, WSU, TESC, CWU, EWU and WWU. That’s an estimate that’s based on about a two percent better return with a diversified portfolio that includes some stocks, compared to the current portfolio of exclusively government bonds.

State Investment Board Director Joe Dear has sent his congratulations. The confidence legislators showed in the Investment Board and the support WSU received from Dear played a key role in the legislative process. Fraser, the capital budget leader in the Senate, described the investment board as “probably the best in the country.”

State Treasurer Mike Murphy assisted with the language in the legislation that was ultimately adopted by the Legislature and supported the bills.

State Sen. Chris Marr spoke for the bill on the floor and noted he was a part of beginning this effort as a WSU regent before his election to the Senate last November. “We know we have to be innovative on funding when it comes to the universities,” said Marr. Marr was among those who helped bring the issue to a vote on the floor. The bill had been stranded for weeks on the Senate calendar due to a dispute over unrelated bills between the two houses. However, Senate leaders repeatedly assured WSU that the measure would pass.

State Sen. Mark Schoesler, R-Ritzville, also spoke for the measure which he described as “a good deal for our universities.”

While sponsored by WSU, the legislation was ultimately endorsed by all of the state’s public baccalaureate institutions.

Other issues in the Legislature:

The Higher Education Washington Learns Bill (Second Substitute Senate Bill 5806) is on its way to the governor’s desk. It caps tuition at 7 percent and sets a state goal that total per-student funding are at least at the 60th percentile of similar institutions in competing states.

The Innovation Partnership Zone bill (House Bill 1091) has now passed each house without opposition in different forms. However, the Senate version would make \$4.5 million available for Star Researchers, which could assist the WSU request for byproducts and biofuels. The House has provided \$4 million for biofuels and no lead researchers. The Senate provides \$5.6 million. There may also be implications to be biofuels issue in the proposed Clean Energy Bill (Engrossed Second Substitute House Bill 1303) that has passed the House but is on today's Senate floor calendar.

UW-WSU Bonds bill (Substitute House Bill 1398) is the first significant higher education bill this session to be signed into law by the governor. It was signed April 10 and will take effect 90 days after adjournment. The bill would make it possible for WSU to save money on building construction bonds in the future. It's just the first of what the universities hope will be a series of joint proposals approved. Most of the other joint projects such as the proposed Washington Academy of Sciences, medical programs for the Inland Northwest, and the William Ruckelshaus Policy Consensus Center, are subject to the budget.

Institute for Systems Medicine bill (Engrossed Second Substitute House Bill 1705) has passed each house in some form. The legislation creates a sales tax funding source of about \$2.2 million per biennium for health sciences research in Spokane.

Higher Education Coordinating Board (Engrossed Substitute House Bill 1883) has passed each house in some form. It will make the HEC Board executive director appointed by the governor.

Collective bargaining rights for higher education supervisors (Substitute House Bill 2361) has been approved by the Legislature and sent to the governor. The bill includes some amendments supported by WSU.

Two WSU regents have been confirmed by the state Senate. Fran Forgette of Tri-Cities was confirmed 49-0 by the Senate on April 4. Student Regent Kyle Smith, who leaves the board June 30, also received a vote of confirmation from the Senate.

The fate of a new four-year campus for Everett and related legislation appears to be continuing to be hampered by division in the community and its legislators about how to proceed. Some leaders favor a new free-standing technology institute. Others support making it a campus of the University of Washington. Some are considering programs provided by a comprehensive institution. The Legislature appears poised to make operating and capital investments in this budget, but the investment will be less if the direction is not decided. UW announced today that Dr. Kenyon S. Chan, dean and vice president for academic affairs at Occidental College in Los Angeles, has been selected as the next chancellor of the University of Washington Bothell.

Olympia Update is produced for persons interested in state government developments impacting Washington State University. For more information, go to www.olympia.wsu.edu. Contacts: 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 completely blank message from your e-mail account (no signatures or footers please) to: subscribe-olympia_update@listserv.energy.wsu.edu