

FAQ: Answers to “Frequently Asked Questions” Regarding ESSB 5460: Travel, Training, Equipment and Personal Services Contracts

The following is a list of questions and answers about Engrossed Substitute Senate Bill (ESSB) 5460 (signed into law February 18, 2009) as it relates to restrictions on out-of-state travel, out-of-state training, equipment purchases and personal services contracts. Questions regarding hiring freeze and salary/wage freeze issues are being addressed by our partners in Human Resources and Academic Personnel, and answers will be shared as soon as they are available.

In the following paragraphs, questions are noted in *purple italics*, and answers are noted in black. Note that Instructions for completing any necessary exemptions are located at the end of this FAQ document.

Define “State Funds or Tuition”

With respect to travel, training, equipment and personal services contracts, there are many references to “state or tuition funds” in ESSB 5460. Please provide clarity about exactly which funds are included in this category of funding, and as such are restricted.

Restrictions on out-of-state travel, out-of-state training, equipment purchases and personal services agreements apply only to funds explicitly deemed to be “state or tuition funds.” Internally within the University of Washington, these funds are General Operating Funds or GOF, the Medical Aid Account and Accident Account (for the School of Public Health), and the building fee portion of tuition. Also covered by the state spending restrictions are capital funds in fund codes 057 (State Building Construction Account) and 064 (UW Building Account). These funds support the bulk of the UW Minor Works Allocations, and are typically managed through the Capital Projects Office.

State restrictions on spending do **NOT** apply to the following fund sources (please do NOT complete an exemption request if using any of the following fund sources):

- Designated operating fund sources (DOF) including Local Fund Allocations (LFA) which includes 74- budgets, and Research Cost Recovery (RCR) funds, 75- budgets
- Self-sustaining budgets
- Endowment, gift, grant or contract funds
- Student Activity Fees (SAF)
- Technology fees
- The IMA Bond Fee

Out-of-State Travel or Out-of-State Training Freeze:

Restriction:

Until July 1, 2009, expenditures and reimbursement for out-of-state travel or out-of-state training are prohibited except for those where the costs are:

- related to an emergency or other catastrophic event that requires government action to protect life or public safety;
- related to direct service delivery
- funded exclusively from private or federal grants;
- tax and fee collection, revenue generation, and auditing activities;
- necessary to receive or maintain federal funds by the state;
- for institutions of higher education, not funded from state funds or tuition (see: Define “State Funds or Tuition” above)
- for the unemployment insurance program of the Employment Security Department.

How will UW handle travel reimbursement for those whose travel occurred near enough to 2/18/09 as to prevent a request for exemption?

Individuals who initiated out-of-state travel on or before the 2/18/09 effective date need not request an exemption.

Those traveling out-of-state after 2/18/09 on state or tuition funds must complete an exemption request, ideally in advance of travel.

What if I have already made plans for out-of-state travel after February 18, 2009. What if I already bought the airplane ticket or paid for the training? Do I need to request an exemption?

Unless the activity is automatically exempt, you must apply for an exemption. If funds have already been expended on travel or training that is non-refundable, that information should be included in the request for exemption.

How will this travel freeze impact student travel abroad that is paid for with state funds? Does the same apply to domestic student travel?

The out-of-state travel restrictions apply only to UW and state employees, not to UW students. Any faculty, staff or students employed by the UW in a role requiring them to accompany students traveling abroad should complete the exemption request prior to traveling.

Can we reimburse visitors/recruits for travel using GOF?

Yes, as long as they are not Washington state employees.

We need to confirm that the term “training” as used in ESSB 5460 is really meant to be “out-of-state training,” correct?

Yes, in the context of ESSB 5460, only out-of-state training is restricted. Only those with plans to receive training out-of-state must complete an exemption form.

Equipment

Restriction:

Until July 1, 2009, entering into contracts and agreements for equipment purchases is prohibited except for those where the costs are:

- under \$5,000;
- related to an emergency or other catastrophic event that requires government action to protect life or public safety;
- related to tax and fee collection, revenue generation, and auditing activities;
- necessary to receive or maintain federal funds by the state;
- for institutions of higher education, not funded from state funds or tuition (see: Define “State Funds or Tuition”)
- for the unemployment insurance program of the Employment Security Department.

For purposes of ESSB 5460, what is included as equipment?

Equipment is defined as "Tangible property other than land, buildings, improvements other than buildings, or infrastructure, which is used in operations and with a useful life of more than one year. Examples are furnishings, equipment, and software. Equipment may be attached to a structure for purposes of securing the item, but unless it is permanently attached to, or an integral part of, the building or structure, it is to be classified as equipment and not buildings."

The statute is also considered to apply to leases (for furnishings, equipment and software).

Does the \$5,000 threshold for the pre-approval of equipment purchases refer to a single item?

The \$5,000 threshold applies to a single item. As such, eleven \$500 items would NOT require an exemption, but one item of \$5,000.01 WOULD require an exemption.

What should be done if the equipment is being purchased as part of a larger contract?

If the item is a part of a larger contract, you will still need to file an exemption, and list the equipment explicitly.

Personal Service Contracts

Restriction:

Until July 1, 2009, entering into contracts and agreements for new personal service contracts, or amendments that increase contract costs, are prohibited except for those where the costs are:

- related to an emergency or other catastrophic event that requires government action to protect life or public safety;
- funded exclusively from private or federal grants;
- related to tax and fee collection, revenue generation, and auditing activities;
- necessary to receive or maintain federal funds by the state;
- for institutions of higher education, not funded from state funds or tuition (see: Define “State Funds or Tuition” above); or
- for the unemployment insurance program of the Employment Security Department.

Personal services contract exemption requests should continue to be filed and reported through OFM’s Contract Services Office as is currently required. This process is managed by UW’s Purchasing Department. Please contact Kathryn Harrington (206-543-5322 or

harringt@u.washington.edu) if you have further questions or need to apply for an exemption in the personal service contracts area.

The bill states “agencies...shall not enter into any contracts or other agreements for the acquisition of personal services...” Does this only impact contracts that are “in the works”? How about contracts we want to have extended?

Any new contracts (defined as those not signed before 2/18/09), must be processed through the exemption process. Likewise, any existing contracts for which you are seeking a modification expected to increase contract costs will require the completion of an exemption form.

Existing contracts for personal services contracts signed prior to 2/18/09 are not affected by ESSB 5460.

As a point of clarification, does this legislation around “agreements for the acquisition of personal services” apply in those cases when we are inviting someone in to speak or present to students, for which we would expect to extend an honorarium?

According to Kathryn Harrington, UW Purchasing, individuals invited to campus as guest lecturers or speakers are typically NOT considered included under the “Personal Service Contracts” category. Any fees or honorariums associated with these individuals are not restricted by ESSB 5460.

University of Washington’s Exemption Processes

Below find instructions on requesting an **exemption to the equipment, out-of-state travel or out-of-state training restrictions**.

Exemptions to the personal services contract restrictions should continue to be filed and reported through OFM’s Contract Services Office via UW’s Purchasing Department, as currently required (contact Kathryn Harrington in Purchasing at 206 543-5322 or harringt@u.washington.edu with questions).

All exemptions to the staff hiring freeze will be administered by Human Resources and will continue to require approval by the appropriate Dean, Chancellor, Vice President or Vice Provost. Following endorsement by the Vice President for Human Resources, requests for **exceptions for critically necessary GOF-funded positions** will be forwarded to the Office of Planning and Budgeting for signature prior to submittal to the Office of Financial Management.

Requests for an exemption based upon a position’s being directly related to academic programs do not require external review. Rather, such exemption requests will be reviewed by Human Resources, in consultation with Academic HR, as appropriate.

IMPORTANT NOTES:

- Please be sure that you are requesting exemptions **only** for funds and/or items covered by the 5460 restrictions.

- As specified in the bill, all approved exemptions will take effect no sooner than 5 days following submittal to the legislature....so please plan your form submittal lead time accordingly!

Equipment, Out-of-State Travel, Out-of-State Training Freeze Exemption Requests

1. Complete an Exemption Form:

The “Equipment, Out-of-State Travel, or Training Freeze Exemption Request Form” is an Office of Financial Management form, and can be obtained by following this link:

<http://www.ofm.wa.gov/ExemptionRequests/default.asp> . Once there, click on the selection “Form for requesting exemptions”.

- Select the appropriate Exemption Type (Equipment, Travel, or Training)
 - In the “Requesting Agency” field, first list “University of Washington,” then the appropriate corresponding School, College or Unit
 - Complete the contact information to include both your local contact and the following information for our Planning and Budgeting contact person:
 - Contact Name: Carolyn A. Busch
 - Email: cbusch@u.washington.edu
 - Phone: 206-685-4874
 - Complete the section of the form appropriate to your Exemption Type
 - **Please leave the final signature line BLANK**, as we must have all such forms from the University of Washington signed by one designated “Agency Director,” in the case of University of Washington, Paul Jenny, Vice Provost of the Office of Planning and Budgeting.
2. Submit your Exemption Form electronically to uw5460@u.washington.edu in the Office of Planning and Budgeting. We will obtain Paul Jenny’s signature within 2 business days, assign an exemption tracking number to your form, and submit your form (cc: the original sender) to the Office of Financial Management (OFM) location specified on the form.
3. OFM has committed to reviewing these forms on a timely basis (daily or every other day). Those exemptions approved will be scanned, and electronic copies will be sent to the originator AND to the legislature. As outlined in the bill, all approved exemptions will take effect no sooner than 5 days following submittal to the legislature....please plan your form submittal lead time accordingly!

If you have any further questions or suggestions on how we can improve either this FAQ document or our exemption process, please feel free to contact Kerry Kuenzi in the Office of Planning and Budgeting (206-616-0201 or kkuenzi@u.washington.edu).