
HOUSE BILL 1799

State of Washington 56th Legislature 1999 Regular Session

By Representatives Dunn, O'Brien, Koster and Delvin

Read first time 02/05/1999. Referred to Committee on Higher Education.

1 AN ACT Relating to higher education financing; amending RCW
2 43.84.092, 43.84.092, and 28B.15.067; adding a new chapter to Title 28B
3 RCW; providing an effective date; and providing an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that the presence of
6 a high quality, yet affordable, system of public colleges and
7 universities is critical to Washington's long-term economic and civic
8 health. The legislature further finds that both the quality and
9 affordability of higher education has been jeopardized during the last
10 decade when eroding state funding levels have resulted in growing
11 pressure for tuition increases to help maintain quality. The result
12 has been a decade of tuition increases that exceed the rate of
13 inflation.

14 The legislature intends to both keep higher education affordable
15 and maintain its quality. The legislature intends to keep higher
16 education affordable by capping tuition increases at no more than the
17 rate of inflation as defined by the consumer price index. However, the
18 legislature recognizes that maintaining and improving the quality of
19 higher education requires finding sources beyond the state general

1 fund. Therefore, the legislature intends to create an endowment fund
2 program financed jointly by public and private moneys. The source of
3 the public moneys will be one-fourth of the moneys from the November
4 23, 1998 settlement with major manufacturers of tobacco products. The
5 source of private moneys will be in the form of matching funds provided
6 by individual and business donors.

7 The legislature intends that the endowments created by this chapter
8 shall be used solely for those purposes for which state funds may be
9 unavailable or limited in the normal biennial budget process.

10 NEW SECTION. **Sec. 2.** The definitions in this section apply
11 throughout this chapter, unless the context clearly requires otherwise.

12 (1) "Comprehensive universities" means Central Washington
13 University, Eastern Washington University, and Western Washington
14 University.

15 (2) "Institution of higher education" means an institution of
16 higher education as defined in RCW 28B.10.016.

17 (3) "Trust fund" means the Washington state endowment for higher
18 education trust fund.

19 NEW SECTION. **Sec. 3.** (1) The Washington state endowment for
20 higher education trust fund is established. Beginning July 1, 1999,
21 one-fourth of the moneys from the November 23, 1998, settlement with
22 major manufacturers of tobacco products shall be deposited in the trust
23 fund. Moneys deposited in the trust fund shall be deposited in
24 separate accounts in the state treasury for each four-year institution
25 of higher education and the state board for community and technical
26 colleges. The state treasurer shall administer the trust fund. Moneys
27 in each of the accounts created in the trust fund are not subject to
28 appropriation.

29 (2) State matching funds from the trust fund for quality
30 improvements in public higher education, when combined with private
31 donations, may be used for one or more of the following purposes:
32 Student scholarships, including undergraduate scholarships, graduate
33 fellowships, distinguished professorships, faculty teaching awards,
34 innovative approaches to faculty development, quality initiatives for
35 curriculum development and service delivery, equipment, and library
36 resources.

1 (3) The principal of the invested endowment fund shall not be
2 invaded; only earnings or a portion thereof may be spent.

3 (4) Washington state endowment for higher education disbursements
4 are eligible to match qualifying private contributions to institutions
5 of higher education designated under this chapter if one of the two
6 following conditions are met:

7 (a) The funds were received by the institution of higher education
8 or its foundation after June 1, 1999; or

9 (b) The funds were received or pledged for the distinguished
10 professorship or graduate fellowship matching grant programs, and
11 certified for state matching dollars by the higher education
12 coordinating board and for which public matching dollars have not been
13 received.

14 (5) Endowment funds shall not be used to supplant state
15 appropriations.

16 NEW SECTION. **Sec. 4.** The higher education coordinating board
17 shall certify that private matching funds have been obtained by a four-
18 year institution of higher education or its foundation for the purposes
19 of this chapter. For the community and technical colleges, the state
20 board for community and technical colleges shall certify that a
21 community or technical college has obtained private matching funds for
22 the purposes of this chapter. Upon notice of certification, the
23 treasurer shall release the state matching funds to the designated
24 institution's local endowment fund or its foundation, or to the state
25 board for community and technical colleges.

26 NEW SECTION. **Sec. 5.** (1) All institutions of higher education are
27 eligible for matching funds from the trust fund. Any appropriation to
28 the trust fund by the legislature shall be allocated in the following
29 manner:

30 (a) Thirty-two percent for the state board for community and
31 technical colleges;

32 (b) Thirty-two percent for the University of Washington;

33 (c) Twenty-two percent for Washington State University; and

34 (d) Fourteen percent for the comprehensive institutions and The
35 Evergreen State College.

36 (2) The state board for community and technical colleges shall
37 determine the allocation of funds for the two-year colleges.

1 (3) By written agreement, the comprehensive four-year universities
2 and The Evergreen State College shall decide how the allocation of the
3 percentage designated for the comprehensive institutions and The
4 Evergreen State College shall be distributed among each of the
5 institutions for any appropriation made by the legislature.

6 (4) No moneys may be released from the trust fund to an individual
7 comprehensive institution or The Evergreen State College until a
8 written agreement of the allocation distribution is filed with the
9 state treasurer.

10 (5) Within the following higher education sectors, any unmatched
11 funds shall be available to the other institution or institutions
12 within that sector for match on a first-come basis if the following
13 percentages are not met within the specified time periods:

14 (a) For the University of Washington and Washington State
15 University, at least sixty percent of their allocation after three
16 years from the effective date of the legislative appropriation, eighty
17 percent after four years, and one hundred percent after five years.

18 (b) For the comprehensive institutions and The Evergreen State
19 College, at least sixty percent of their allocation after four years
20 from the effective date of the appropriation, eighty percent after five
21 years, and one hundred percent after six years.

22 (c) For the state board for community and technical colleges at
23 least sixty percent of their allocation after four years from the
24 effective date of the appropriation, eighty percent after five years,
25 and one hundred percent after six years.

26 (6) After seven years, any remaining unmatched funds residing in
27 any of the three sectors' pools shall revert to a common pool and shall
28 be eligible for match on a first-come basis by any of the institutions.

29 NEW SECTION. **Sec. 6.** Each institution of higher education or its
30 foundation is responsible for soliciting private donations, investing
31 and maintaining all endowment funds, administering the uses of the
32 funds, and reporting to the governor and the legislature. Each
33 institution or its foundation may augment the endowment fund with
34 additional private donations. The principal of the invested endowment
35 fund shall not be invaded; only earnings or a portion thereof may be
36 spent.

37 Each institution of higher education shall develop or designate an
38 advisory committee, of which a majority of its members shall be private

1 donors and business representatives. Each advisory committee shall
2 include at least one student representative. The advisory committee
3 shall review and approve the institution's endowment for higher
4 education program and develop specific, measurable goals for the
5 institution's endowment program. Each institution shall report
6 annually to the governor and the legislature on progress made toward
7 its goals.

8 NEW SECTION. **Sec. 7.** This chapter may be known and cited as the
9 Washington state higher education affordability and quality act.

10 **Sec. 8.** RCW 43.84.092 and 1997 c 218 s 5 are each amended to read
11 as follows:

12 (1) All earnings of investments of surplus balances in the state
13 treasury shall be deposited to the treasury income account, which
14 account is hereby established in the state treasury.

15 (2) The treasury income account shall be utilized to pay or receive
16 funds associated with federal programs as required by the federal cash
17 management improvement act of 1990. The treasury income account is
18 subject in all respects to chapter 43.88 RCW, but no appropriation is
19 required for refunds or allocations of interest earnings required by
20 the cash management improvement act. Refunds of interest to the
21 federal treasury required under the cash management improvement act
22 fall under RCW 43.88.180 and shall not require appropriation. The
23 office of financial management shall determine the amounts due to or
24 from the federal government pursuant to the cash management improvement
25 act. The office of financial management may direct transfers of funds
26 between accounts as deemed necessary to implement the provisions of the
27 cash management improvement act, and this subsection. Refunds or
28 allocations shall occur prior to the distributions of earnings set
29 forth in subsection (4) of this section.

30 (3) Except for the provisions of RCW 43.84.160, the treasury income
31 account may be utilized for the payment of purchased banking services
32 on behalf of treasury funds including, but not limited to, depository,
33 safekeeping, and disbursement functions for the state treasury and
34 affected state agencies. The treasury income account is subject in all
35 respects to chapter 43.88 RCW, but no appropriation is required for
36 payments to financial institutions. Payments shall occur prior to
37 distribution of earnings set forth in subsection (4) of this section.

1 (4) Monthly, the state treasurer shall distribute the earnings
2 credited to the treasury income account. The state treasurer shall
3 credit the general fund with all the earnings credited to the treasury
4 income account except:

5 (a) The following accounts and funds shall receive their
6 proportionate share of earnings based upon each account's and fund's
7 average daily balance for the period: The capitol building
8 construction account, the Cedar River channel construction and
9 operation account, the Central Washington University capital projects
10 account, the charitable, educational, penal and reformatory
11 institutions account, the common school construction fund, the county
12 criminal justice assistance account, the county sales and use tax
13 equalization account, the data processing building construction
14 account, the deferred compensation administrative account, the deferred
15 compensation principal account, the department of retirement systems
16 expense account, the drinking water assistance account, the Eastern
17 Washington University capital projects account, the education
18 construction fund, the ((~~emergency reserve~~)) Washington state endowment
19 for higher education trust fund, the federal forest revolving account,
20 the health services account, the public health services account, the
21 health system capacity account, the personal health services account,
22 the highway infrastructure account, the industrial insurance premium
23 refund account, the judges' retirement account, the judicial retirement
24 administrative account, the judicial retirement principal account, the
25 local leasehold excise tax account, the local real estate excise tax
26 account, the local sales and use tax account, the medical aid account,
27 the mobile home park relocation fund, the municipal criminal justice
28 assistance account, the municipal sales and use tax equalization
29 account, the natural resources deposit account, the perpetual
30 surveillance and maintenance account, the public employees' retirement
31 system plan I account, the public employees' retirement system plan II
32 account, the Puyallup tribal settlement account, the resource
33 management cost account, the site closure account, the special wildlife
34 account, the state employees' insurance account, the state employees'
35 insurance reserve account, the state investment board expense account,
36 the state investment board commingled trust fund accounts, the
37 supplemental pension account, the teachers' retirement system plan I
38 account, the teachers' retirement system plan II account, the
39 transportation infrastructure account, the tuition recovery trust fund,

1 the University of Washington bond retirement fund, the University of
2 Washington building account, the volunteer fire fighters' relief and
3 pension principal account, the volunteer fire fighters' relief and
4 pension administrative account, the Washington judicial retirement
5 system account, the Washington law enforcement officers' and fire
6 fighters' system plan I retirement account, the Washington law
7 enforcement officers' and fire fighters' system plan II retirement
8 account, the Washington state patrol retirement account, the Washington
9 State University building account, the Washington State University bond
10 retirement fund, the water pollution control revolving fund, and the
11 Western Washington University capital projects account. Earnings
12 derived from investing balances of the agricultural permanent fund, the
13 normal school permanent fund, the permanent common school fund, the
14 scientific permanent fund, and the state university permanent fund
15 shall be allocated to their respective beneficiary accounts. All
16 earnings to be distributed under this subsection (4)(a) shall first be
17 reduced by the allocation to the state treasurer's service fund
18 pursuant to RCW 43.08.190.

19 (b) The following accounts and funds shall receive eighty percent
20 of their proportionate share of earnings based upon each account's or
21 fund's average daily balance for the period: The aeronautics account,
22 the aircraft search and rescue account, the central Puget Sound public
23 transportation account, the city hardship assistance account, the
24 county arterial preservation account, the department of licensing
25 services account, the economic development account, the essential rail
26 assistance account, the essential rail banking account, the ferry bond
27 retirement fund, the gasohol exemption holding account, the grade
28 crossing protective fund, the high capacity transportation account, the
29 highway bond retirement fund, the highway construction stabilization
30 account, the highway safety account, the marine operating fund, the
31 motor vehicle fund, the motorcycle safety education account, the
32 pilotage account, the public transportation systems account, the Puget
33 Sound capital construction account, the Puget Sound ferry operations
34 account, the recreational vehicle account, the rural arterial trust
35 account, the safety and education account, the small city account, the
36 special category C account, the state patrol highway account, the
37 transfer relief account, the transportation capital facilities account,
38 the transportation equipment fund, the transportation fund, the

1 transportation improvement account, the transportation revolving loan
2 account, and the urban arterial trust account.

3 (5) In conformance with Article II, section 37 of the state
4 Constitution, no treasury accounts or funds shall be allocated earnings
5 without the specific affirmative directive of this section.

6 **Sec. 9.** RCW 43.84.092 and 1998 c 341 s 708 are each amended to
7 read as follows:

8 (1) All earnings of investments of surplus balances in the state
9 treasury shall be deposited to the treasury income account, which
10 account is hereby established in the state treasury.

11 (2) The treasury income account shall be utilized to pay or receive
12 funds associated with federal programs as required by the federal cash
13 management improvement act of 1990. The treasury income account is
14 subject in all respects to chapter 43.88 RCW, but no appropriation is
15 required for refunds or allocations of interest earnings required by
16 the cash management improvement act. Refunds of interest to the
17 federal treasury required under the cash management improvement act
18 fall under RCW 43.88.180 and shall not require appropriation. The
19 office of financial management shall determine the amounts due to or
20 from the federal government pursuant to the cash management improvement
21 act. The office of financial management may direct transfers of funds
22 between accounts as deemed necessary to implement the provisions of the
23 cash management improvement act, and this subsection. Refunds or
24 allocations shall occur prior to the distributions of earnings set
25 forth in subsection (4) of this section.

26 (3) Except for the provisions of RCW 43.84.160, the treasury income
27 account may be utilized for the payment of purchased banking services
28 on behalf of treasury funds including, but not limited to, depository,
29 safekeeping, and disbursement functions for the state treasury and
30 affected state agencies. The treasury income account is subject in all
31 respects to chapter 43.88 RCW, but no appropriation is required for
32 payments to financial institutions. Payments shall occur prior to
33 distribution of earnings set forth in subsection (4) of this section.

34 (4) Monthly, the state treasurer shall distribute the earnings
35 credited to the treasury income account. The state treasurer shall
36 credit the general fund with all the earnings credited to the treasury
37 income account except:

1 (a) The following accounts and funds shall receive their
2 proportionate share of earnings based upon each account's and fund's
3 average daily balance for the period: The capitol building
4 construction account, the Cedar River channel construction and
5 operation account, the Central Washington University capital projects
6 account, the charitable, educational, penal and reformatory
7 institutions account, the common school construction fund, the county
8 criminal justice assistance account, the county sales and use tax
9 equalization account, the data processing building construction
10 account, the deferred compensation administrative account, the deferred
11 compensation principal account, the department of retirement systems
12 expense account, the drinking water assistance account, the Eastern
13 Washington University capital projects account, the education
14 construction fund, the (~~emergency reserve~~) Washington state endowment
15 for higher education trust fund, the federal forest revolving account,
16 the health services account, the public health services account, the
17 health system capacity account, the personal health services account,
18 the highway infrastructure account, the industrial insurance premium
19 refund account, the judges' retirement account, the judicial retirement
20 administrative account, the judicial retirement principal account, the
21 local leasehold excise tax account, the local real estate excise tax
22 account, the local sales and use tax account, the medical aid account,
23 the mobile home park relocation fund, the municipal criminal justice
24 assistance account, the municipal sales and use tax equalization
25 account, the natural resources deposit account, the perpetual
26 surveillance and maintenance account, the public employees' retirement
27 system plan I account, the public employees' retirement system plan II
28 account, the Puyallup tribal settlement account, the resource
29 management cost account, the site closure account, the special wildlife
30 account, the state employees' insurance account, the state employees'
31 insurance reserve account, the state investment board expense account,
32 the state investment board commingled trust fund accounts, the
33 supplemental pension account, the teachers' retirement system plan I
34 account, the teachers' retirement system combined plan II and plan III
35 account, the transportation infrastructure account, the tuition
36 recovery trust fund, the University of Washington bond retirement fund,
37 the University of Washington building account, the volunteer fire
38 fighters' relief and pension principal account, the volunteer fire
39 fighters' relief and pension administrative account, the Washington

1 judicial retirement system account, the Washington law enforcement
2 officers' and fire fighters' system plan I retirement account, the
3 Washington law enforcement officers' and fire fighters' system plan II
4 retirement account, the Washington school employees' retirement system
5 combined plan II and III account, the Washington state patrol
6 retirement account, the Washington State University building account,
7 the Washington State University bond retirement fund, the water
8 pollution control revolving fund, and the Western Washington University
9 capital projects account. Earnings derived from investing balances of
10 the agricultural permanent fund, the normal school permanent fund, the
11 permanent common school fund, the scientific permanent fund, and the
12 state university permanent fund shall be allocated to their respective
13 beneficiary accounts. All earnings to be distributed under this
14 subsection (4)(a) shall first be reduced by the allocation to the state
15 treasurer's service fund pursuant to RCW 43.08.190.

16 (b) The following accounts and funds shall receive eighty percent
17 of their proportionate share of earnings based upon each account's or
18 fund's average daily balance for the period: The aeronautics account,
19 the aircraft search and rescue account, the central Puget Sound public
20 transportation account, the city hardship assistance account, the
21 county arterial preservation account, the department of licensing
22 services account, the economic development account, the essential rail
23 assistance account, the essential rail banking account, the ferry bond
24 retirement fund, the gasohol exemption holding account, the grade
25 crossing protective fund, the high capacity transportation account, the
26 highway bond retirement fund, the highway construction stabilization
27 account, the highway safety account, the marine operating fund, the
28 motor vehicle fund, the motorcycle safety education account, the
29 pilotage account, the public transportation systems account, the Puget
30 Sound capital construction account, the Puget Sound ferry operations
31 account, the recreational vehicle account, the rural arterial trust
32 account, the safety and education account, the small city account, the
33 special category C account, the state patrol highway account, the
34 transfer relief account, the transportation capital facilities account,
35 the transportation equipment fund, the transportation fund, the
36 transportation improvement account, the transportation revolving loan
37 account, and the urban arterial trust account.

1 (5) In conformance with Article II, section 37 of the state
2 Constitution, no treasury accounts or funds shall be allocated earnings
3 without the specific affirmative directive of this section.

4 **Sec. 10.** RCW 28B.15.067 and 1997 c 403 s 1 are each amended to
5 read as follows:

6 (1) Tuition fees shall be established under the provisions of this
7 chapter.

8 (2) Academic year tuition for full-time students at the state's
9 institutions of higher education for the 1997-98 academic year, other
10 than the summer term, shall be as provided in this subsection.

11 (a) At the University of Washington and Washington State
12 University:

13 (i) For resident undergraduate students and other resident students
14 not in graduate, law, or first professional programs, two thousand nine
15 hundred eighty-eight dollars;

16 (ii)(A) For nonresident undergraduate students and other
17 nonresident students at the University of Washington not in graduate,
18 law, or first professional programs, ten thousand two hundred seventy-
19 eight dollars;

20 (B) For nonresident undergraduate students and other nonresident
21 students at Washington State University not in graduate or first
22 professional programs, nine thousand eight hundred seventy dollars;

23 (iii) For resident graduate students, four thousand eight hundred
24 fifty-four dollars;

25 (iv) For nonresident graduate students, twelve thousand five
26 hundred eighty-eight dollars;

27 (v) For resident law students, five thousand ten dollars;

28 (vi) For nonresident law students, twelve thousand nine hundred
29 fifteen dollars;

30 (vii) For resident first professional students, eight thousand one
31 hundred twelve dollars; and

32 (viii) For nonresident first professional students, twenty-one
33 thousand twenty-four dollars.

34 (b) At the regional universities and The Evergreen State College:

35 (i) For resident undergraduate and all other resident students not
36 in graduate programs, two thousand two hundred eleven dollars;

1 (ii) For nonresident undergraduate and all other nonresident
2 students not in graduate programs, eight thousand six hundred forty-six
3 dollars;

4 (iii) For resident graduate students, three thousand seven hundred
5 twenty-six dollars; and

6 (iv) For nonresident graduate students, eleven thousand nine
7 hundred seventy-six dollars.

8 (c) At the community colleges:

9 (i) For resident students, one thousand three hundred eleven
10 dollars; and

11 (ii) For nonresident students, five thousand five hundred eighty-
12 six dollars.

13 (3) Academic year tuition for full-time students at the state's
14 institutions of higher education (~~(beginning with)~~) for the 1998-99
15 academic year, other than the summer term, shall be as provided in this
16 subsection unless different rates are adopted in the omnibus
17 appropriations act.

18 (a) At the University of Washington and Washington State
19 University:

20 (i) For resident undergraduate students and other resident students
21 not in graduate, law, or first professional programs, three thousand
22 one hundred eight dollars;

23 (ii)(A) For nonresident undergraduate students and other
24 nonresident students at the University of Washington not in graduate,
25 law, or first professional programs, eleven thousand one hundred thirty
26 dollars;

27 (B) For nonresident undergraduate students and other nonresident
28 students at Washington State University not in graduate or first
29 professional programs, ten thousand two hundred sixty-six dollars;

30 (iii) For resident graduate students, five thousand forty-six
31 dollars;

32 (iv) For nonresident graduate students, thirteen thousand ninety-
33 two dollars;

34 (v) For resident law students, five thousand three hundred seventy-
35 six dollars;

36 (vi) For nonresident law students, thirteen thousand seven hundred
37 eighty-two dollars;

38 (vii) For resident first professional students, eight thousand four
39 hundred thirty-six dollars; and

1 (viii) For nonresident first professional students, twenty-one
2 thousand eight hundred sixty-four dollars.

3 (b) At the regional universities and The Evergreen State College:

4 (i) For resident undergraduate and all other resident students not
5 in graduate programs, two thousand two hundred ninety-eight dollars;

6 (ii) For nonresident undergraduate and all other nonresident
7 students not in graduate programs, eight thousand nine hundred ninety-
8 one dollars;

9 (iii) For resident graduate students, three thousand eight hundred
10 seventy-six dollars; and

11 (iv) For nonresident graduate students, twelve thousand four
12 hundred fifty-six dollars.

13 (c) At the community colleges:

14 (i) For resident students, one thousand three hundred sixty-two
15 dollars; and

16 (ii) For nonresident students, five thousand eight hundred eight
17 dollars.

18 (4) Academic year tuition for full-time students at the state's
19 institutions of higher education, beginning with the 1999-01 academic
20 year, other than the summer term, shall be as provided in this
21 subsection. Beginning in 1999-01, annual percentage increases to the
22 tuition rates set forth in subsection (3) of this section shall be no
23 greater than the annual rate of inflation as defined by the consumer
24 price index. The higher education coordinating board shall be
25 responsible for calculating and notifying institutions of the actual
26 annual tuition rates no later than April 15th for the academic year
27 beginning in the fall.

28 (5) For the 1997-98 and 1998-99 academic years, the University of
29 Washington shall use at least ten percent of the revenue received from
30 the difference between a four percent increase in tuition fees and the
31 actual increase charged to law students to assist needy low and middle-
32 income resident law students. For the 1997-98 and 1998-99 academic
33 years, the University of Washington shall use at least ten percent of
34 the revenue received from the difference between a four percent
35 increase in tuition fees and the actual increase charged to nonresident
36 undergraduate students and all other nonresident students not in
37 graduate, law, or first professional programs to assist needy low and
38 middle-income resident undergraduate students and all other resident
39 students not enrolled in graduate, law, or first professional programs.

1 This requirement is in addition to the deposit requirements of the
2 institutional aid fund under RCW 28B.15.820.

3 ~~((5))~~ (6) The tuition fees established under this chapter shall
4 not apply to high school students enrolling in participating
5 institutions of higher education under RCW 28A.600.300 through
6 28A.600.395.

7 NEW SECTION. **Sec. 11.** Sections 1 through 7 of this act constitute
8 a new chapter in Title 28B RCW.

9 NEW SECTION. **Sec. 12.** Section 8 of this act expires September 1,
10 2000.

11 NEW SECTION. **Sec. 13.** Section 9 of this act takes effect
12 September 1, 2000.

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