
SENATE BILL 6562

State of Washington 61st Legislature 2010 Regular Session

By Senators Kilmer, Tom, Delvin, Regala, Murray, Hargrove, and King

Read first time 01/18/10. Referred to Committee on Higher Education & Workforce Development.

1 AN ACT Relating to tuition-setting authority at institutions of
2 higher education; amending RCW 28B.15.067, 28B.15.068, 28B.15.031, and
3 28B.15.820; and repealing RCW 28B.10.920, 28B.10.921, and 28B.10.922.

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

5 **Sec. 1.** RCW 28B.15.067 and 2009 c 574 s 1 are each amended to read
6 as follows:

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

9 (2)(a) Beginning with the 2003-04 academic year and ending with the
10 ((2012-13)) 2010-11 academic year, reductions or increases in full-time
11 tuition fees for resident undergraduates other than students at
12 community and technical colleges shall be as provided in the omnibus
13 appropriations act.

14 (b) Beginning with the 2011-12 academic year, reductions or
15 increases in full-time tuition fees, as defined by RCW 28B.15.020, for
16 resident undergraduates shall be determined annually by the governing
17 boards of the state universities, the regional universities, and The
18 Evergreen State College.

1 (c) Beginning with the 2003-04 academic year and ending with the
2 2012-13 academic year, reductions or increases in full-time tuition
3 fees for resident undergraduates at community and technical colleges
4 shall be as provided in the omnibus appropriations act.

5 (3)(a) Beginning with the 2003-04 academic year and ending with the
6 2012-13 academic year, the governing boards of the state universities,
7 the regional universities, The Evergreen State College, and the state
8 board for community and technical colleges may reduce or increase full-
9 time tuition fees for all students other than resident undergraduates,
10 including summer school students and students in other self-supporting
11 degree programs. Percentage increases in full-time tuition fees may
12 exceed the fiscal growth factor. Reductions or increases may be made
13 for all or portions of an institution's programs, campuses, courses, or
14 students.

15 (b) Prior to reducing or increasing tuition for each academic year,
16 the governing boards of the state universities, the regional
17 universities, and The Evergreen State College shall consult with
18 existing student associations or organizations with student
19 undergraduate and graduate representatives regarding the impacts of
20 potential tuition increases. Governing boards shall be required to
21 provide data regarding the percentage of students receiving financial
22 aid, the sources of aid, and the percentage of total costs of
23 attendance paid for by aid.

24 (c) Prior to reducing or increasing tuition for each academic year,
25 each college in the state board for community and technical college
26 system shall consult with existing student associations or
27 organizations with undergraduate student representation regarding the
28 impacts of potential tuition increases. Colleges shall provide data
29 regarding the percentage of students receiving financial aid, the
30 sources of aid, and the percentage of total costs of attendance paid
31 for by aid.

32 (4) Academic year tuition for full-time students at the state's
33 (~~(institutions of higher education)~~) community and technical colleges
34 beginning with 2015-16, other than summer term, shall be as charged
35 during the 2014-15 academic year unless different rates are adopted by
36 the legislature.

37 (5) The tuition fees established under this chapter shall not apply

1 to high school students enrolling in participating institutions of
2 higher education under RCW 28A.600.300 through 28A.600.400.

3 (6) The tuition fees established under this chapter shall not apply
4 to eligible students enrolling in a community or technical college
5 under RCW 28C.04.610.

6 (7) The tuition fees established under this chapter shall not apply
7 to eligible students enrolling in a community or technical college
8 participating in the pilot program under RCW 28B.50.534 for the purpose
9 of obtaining a high school diploma.

10 (8) For the academic years 2003-04 through 2008-09, the University
11 of Washington shall use an amount equivalent to ten percent of all
12 revenues received as a result of law school tuition increases beginning
13 in academic year 2000-01 through academic year 2008-09 to assist needy
14 low and middle-income resident law students.

15 (9) For the academic years 2003-04 through 2008-09, institutions of
16 higher education shall use an amount equivalent to ten percent of all
17 revenues received as a result of graduate academic school tuition
18 increases beginning in academic year 2003-04 through academic year
19 2008-09 to assist needy low and middle-income resident graduate
20 academic students.

21 (10) Any tuition increases above seven percent shall fund costs of
22 instruction, library and student services, utilities and maintenance,
23 other costs related to instruction as well as institutional financial
24 aid. Through 2010-11, any funding reductions to instruction, library
25 and student services, utilities and maintenance and other costs related
26 to instruction shall be proportionally less than other program areas
27 including administration.

28 **Sec. 2.** RCW 28B.15.068 and 2009 c 540 s 1 are each amended to read
29 as follows:

30 (1) Except as provided in subsection (2) of this section, beginning
31 with the 2007-08 academic year and ending with the 2016-17 academic
32 year, tuition fees charged to full-time resident undergraduate
33 students, except in academic years 2009-10 and 2010-11, may increase no
34 greater than seven percent over the previous academic year in any
35 institution of higher education. Annual reductions or increases in
36 full-time tuition fees for resident undergraduate students shall be as
37 provided in the omnibus appropriations act, within the seven percent

1 increase limit established in this section. For academic years 2009-10
2 and 2010-11 the omnibus appropriations act may provide tuition
3 increases greater than seven percent. To the extent that state
4 appropriations combined with tuition and fee revenues are insufficient
5 to achieve the total per-student funding goals established in
6 subsection ((+2+)) (4) of this section, the legislature may revisit
7 state appropriations, authorized enrollment levels, and changes in
8 tuition fees for any given fiscal year.

9 (2) For four-year institutions of higher education, beginning with
10 the 2011-12 academic year, any reductions or increases in tuition fees
11 charged to full-time resident undergraduate students are subject to the
12 following conditions:

13 (a) The average annual compounded rate of change of undergraduate
14 full-time tuition fees may not exceed ten percent based on the
15 preceding fifteen years or fourteen percent in any year;

16 (b) The average resident undergraduate full-time tuition fees may
17 not in any academic year exceed the seventy-fifth percentile of
18 resident undergraduate tuition and fees at similar public institutions
19 of higher education in the global challenge states; and

20 (c) Annual approval of an institutional performance agreement by
21 the office of financial management as required by subsection (3) of
22 this section.

23 (3) To ensure institutional quality, promote access, and advance
24 the public mission of public four-year institutions of higher
25 education, the authority to increase or decrease tuition rates shall be
26 considered within the context of institutional performance agreements.
27 By September 1, 2011, the state universities, the regional
28 universities, and The Evergreen State College shall each negotiate an
29 institutional performance agreement with the office of financial
30 management. Beginning with the 2012-13 academic year, each institution
31 shall submit an annual report on the negotiated performance agreement
32 to the office of financial management for review and approval.
33 Demonstration of satisfactory progress towards reaching performance
34 outcomes, benchmarks, and goals is required for approval by the office
35 of financial management. Individual institutional performance
36 contracts shall be ten years in duration and must be developed with
37 input from the higher education coordinating board, students, faculty

1 members, and the governing boards of the public four-year institutions
2 of higher education. At a minimum, an individual institutional
3 performance agreement shall include:

4 (a) Indicators that measure outcomes concerning cost, quality,
5 timeliness of student progress toward degrees and certifications, and
6 articulation between and within the K-12 and higher education systems;

7 (b) Indicators that measure outcomes concerning recruitment,
8 retention, and success of students, faculty, and staff from diverse,
9 underrepresented communities;

10 (c) Benchmarks and goals for long-term degree production, including
11 discrete benchmarks and goals in areas of high-demand and critical
12 state need; and

13 (d) The level of state and tuition resources necessary to meet the
14 performance outcomes, benchmarks, and goals, including per-student
15 funding goals established in subsection (4) of this section.

16 (4) The state shall adopt as its goal total per-student funding
17 levels, from state appropriations plus tuition and fees, of at least
18 the sixtieth percentile of total per-student funding at similar public
19 institutions of higher education in the global challenge states. In
20 defining comparable per-student funding levels, the office of financial
21 management shall adjust for regional cost-of-living differences; for
22 differences in program offerings and in the relative mix of lower
23 division, upper division, and graduate students; and for accounting and
24 reporting differences among the comparison institutions. The office of
25 financial management shall develop a funding trajectory for each four-
26 year institution of higher education and for the community and
27 technical college system as a whole that when combined with tuition and
28 fees revenue allows the state to achieve its funding goal for each
29 four-year institution and the community and technical college system as
30 a whole no later than fiscal year 2017. The state shall not reduce
31 enrollment levels below fiscal year 2007 budgeted levels in order to
32 improve or alter the per-student funding amount at any four-year
33 institution of higher education or the community and technical college
34 system as a whole. The state recognizes that each four-year
35 institution of higher education and the community and technical college
36 system as a whole have different funding requirements to achieve
37 desired performance levels, and that increases to the total per-student
38 funding amount may need to exceed the minimum funding goal.

1 ~~((3))~~ (5) By September 1st of each year beginning in 2008, the
2 office of financial management shall report to the governor, the higher
3 education coordinating board, and appropriate committees of the
4 legislature with updated estimates of the total per-student funding
5 level that represents the sixtieth percentile of funding for comparable
6 institutions of higher education in the global challenge states, and
7 the progress toward that goal that was made for each of the public
8 institutions of higher education.

9 ~~((4))~~ (6) As used in this section, "global challenge states" are
10 the top performing states on the new economy index published by the
11 progressive policy institute as of July 22, 2007. The new economy
12 index ranks states on indicators of their potential to compete in the
13 new economy. At least once every five years, the office of financial
14 management shall determine if changes to the list of global challenge
15 states are appropriate. The office of financial management shall
16 report its findings to the governor and the legislature.

17 ~~((5))~~ (7) During the 2009-10 and the 2010-11 academic years,
18 institutions of higher education shall include information on their
19 billing statements notifying students of tax credits available through
20 the American opportunity tax credit provided in the American recovery
21 and reinvestment act of 2009.

22 **Sec. 3.** RCW 28B.15.031 and 2003 c 232 s 2 are each amended to read
23 as follows:

24 The term "operating fees" as used in this chapter shall include the
25 fees, other than building fees, charged all students registering at the
26 state's colleges and universities but shall not include fees for short
27 courses, self-supporting degree credit programs and courses, marine
28 station work, experimental station work, correspondence or extension
29 courses, and individual instruction and student deposits or rentals,
30 disciplinary and library fines, which colleges and universities shall
31 have the right to impose, laboratory, gymnasium, health, technology and
32 student activity fees, or fees, charges, rentals, and other income
33 derived from any or all revenue producing lands, buildings and
34 facilities of the colleges or universities heretofore or hereafter
35 acquired, constructed or installed, including but not limited to income
36 from rooms, dormitories, dining rooms, hospitals, infirmaries, housing
37 or student activity buildings, vehicular parking facilities, land, or

1 the appurtenances thereon, or such other special fees as may be
2 established by any college or university board of trustees or regents
3 from time to time. All moneys received as operating fees at any
4 institution of higher education shall be deposited in a local account
5 containing only operating fees revenue and related interest: PROVIDED,
6 That for four-year institutions a minimum of four and one-half percent
7 and for community and technical colleges a minimum of three and one-
8 half percent of operating fees shall be retained by the institutions
9 for the purposes of RCW 28B.15.820. Local operating fee accounts shall
10 not be subject to appropriation by the legislature or allotment
11 procedures under chapter 43.88 RCW.

12 **Sec. 4.** RCW 28B.15.820 and 2009 c 215 s 9 are each amended to read
13 as follows:

14 (1) Each four-year institution of higher education(~~(, including~~
15 ~~technical colleges,)~~) shall deposit a minimum of (~~(three)~~) four and
16 one-half percent of revenues collected from tuition and services and
17 activities fees in an institutional financial aid fund that is hereby
18 created and which shall be held locally. Each community or technical
19 college shall deposit a minimum of three and one-half percent of
20 revenues collected from tuition and services and activities fees in an
21 institutional financial aid fund that is hereby created and which shall
22 be held locally. Moneys in the fund shall be used only for the
23 following purposes: (a) To make guaranteed long-term loans to eligible
24 students as provided in subsections (3) through (8) of this section;
25 (b) to make short-term loans as provided in subsection (9) of this
26 section; (c) to provide financial aid to needy students as provided in
27 subsection (10) of this section; or (d) to provide financial aid to
28 students as provided in subsection (11) of this section.

29 (2) An "eligible student" for the purposes of subsections (3)
30 through (8) and (10) of this section is a student registered for at
31 least three credit hours or the equivalent, who is eligible for
32 resident tuition and fee rates as defined in RCW 28B.15.012 and
33 28B.15.013, and who is a "needy student" as defined in RCW 28B.92.030.

34 (3) The amount of the guaranteed long-term loans made under this
35 section shall not exceed the demonstrated financial need of the
36 student. Each institution shall establish loan terms and conditions
37 which shall be consistent with the terms of the guaranteed loan program

1 established by 20 U.S. Code Section 1071 et seq., as now or hereafter
2 amended. All loans made shall be guaranteed by the Washington student
3 loan guaranty association or its successor agency. Institutions are
4 hereby granted full authority to operate as an eligible lender under
5 the guaranteed loan program.

6 (4) Before approving a guaranteed long-term loan, each institution
7 shall analyze the ability of the student to repay the loan based on
8 factors which include, but are not limited to, the student's
9 accumulated total education loan burdens and the employment
10 opportunities and average starting salary characteristics of the
11 student's chosen fields of study. The institution shall counsel the
12 student on the advisability of acquiring additional debt, and on the
13 availability of other forms of financial aid.

14 (5) Each institution is responsible for collection of guaranteed
15 long-term loans made under this section and shall exercise due
16 diligence in such collection, maintaining all necessary records to
17 insure that maximum repayments are made. Institutions shall cooperate
18 with other lenders and the Washington student loan guaranty
19 association, or its successor agency, in the coordinated collection of
20 guaranteed loans, and shall assure that the guarantability of the loans
21 is not violated. Collection and servicing of guaranteed long-term
22 loans under this section shall be performed by entities approved for
23 such servicing by the Washington student loan guaranty association or
24 its successor agency: PROVIDED, That institutions be permitted to
25 perform such servicing if specifically recognized to do so by the
26 Washington student loan guaranty association or its successor agency.
27 Collection and servicing of guaranteed long-term loans made by
28 community colleges under subsection (1) of this section shall be
29 coordinated by the state board for community and technical colleges and
30 shall be conducted under procedures adopted by the state board.

31 (6) Receipts from payment of interest or principal or any other
32 subsidies to which institutions as lenders are entitled, that are paid
33 by or on behalf of borrowers of funds under subsections (3) through (8)
34 of this section, shall be deposited in each institution's financial aid
35 fund and shall be used to cover the costs of making the guaranteed
36 long-term loans under this section and maintaining necessary records
37 and making collections under subsection (5) of this section: PROVIDED,
38 That such costs shall not exceed five percent of aggregate outstanding

1 loan principal. Institutions shall maintain accurate records of such
2 costs, and all receipts beyond those necessary to pay such costs, shall
3 be deposited in the institution's financial aid fund.

4 (7) The governing boards of the state universities, the regional
5 universities, and The Evergreen State College, and the state board for
6 community and technical colleges, on behalf of the community colleges
7 and technical colleges, shall each adopt necessary rules and
8 regulations to implement this section.

9 (8) First priority for any guaranteed long-term loans made under
10 this section shall be directed toward students who would not normally
11 have access to educational loans from private financial institutions in
12 Washington state, and maximum use shall be made of secondary markets in
13 the support of loan consolidation.

14 (9) Short-term loans, not to exceed one year, may be made from the
15 institutional financial aid fund to students enrolled in the
16 institution. No such loan shall be made to any student who is known by
17 the institution to be in default or delinquent in the payment of any
18 outstanding student loan. A short-term loan may be made only if the
19 institution has ample evidence that the student has the capability of
20 repaying the loan within the time frame specified by the institution
21 for repayment.

22 (10) Any moneys deposited in the institutional financial aid fund
23 that are not used in making long-term or short-term loans may be used
24 by the institution for locally administered financial aid programs for
25 needy students, such as need-based institutional employment programs or
26 need-based tuition and fee scholarship or grant programs. These funds
27 shall be used in addition to and not to replace institutional funds
28 that would otherwise support these locally administered financial aid
29 programs. First priority in the use of these funds shall be given to
30 needy students who have accumulated excessive educational loan burdens.
31 An excessive educational loan burden is a burden that will be difficult
32 to repay given employment opportunities and average starting salaries
33 in the student's chosen fields of study. Second priority in the use of
34 these funds shall be given to needy single parents, to assist these
35 students with their educational expenses, including expenses associated
36 with child care and transportation.

37 (11) Any moneys deposited in the institutional financial aid fund
38 may be used by the institution for a locally administered financial aid

1 program for high school students enrolled in dual credit programs. If
2 institutions use funds in this manner, the governing boards of the
3 state universities, the regional universities, The Evergreen State
4 College, and the state board for community and technical colleges shall
5 each adopt necessary rules to implement this subsection. Moneys from
6 this fund may be used for all educational expenses related to a
7 student's participation in a dual credit program including but not
8 limited to tuition, fees, course materials, and transportation.

9 NEW SECTION. **Sec. 5.** The following acts or parts of acts are each
10 repealed:

11 (1) RCW 28B.10.920 (Performance agreements--Generally) and 2008 c
12 160 s 2;

13 (2) RCW 28B.10.921 (Performance agreements--Contents) and 2008 c
14 160 s 3; and

15 (3) RCW 28B.10.922 (Performance agreements--State committee--
16 Development of final proposals--Implementation--Updates) and 2008 c 160
17 s 4.

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