
HOUSE BILL 1146

State of Washington

64th Legislature

2015 Regular Session

By Representatives Haler, Pollet, Manweller, Zeiger, Bergquist, and Tharinger

Read first time 01/14/15. Referred to Committee on Appropriations.

1 AN ACT Relating to higher education fiscal matters; amending RCW
2 28B.15.067, 28B.77.070, 28B.77.100, and 28B.145.030; reenacting and
3 amending RCW 28B.15.068; adding a new section to chapter 28B.10 RCW;
4 repealing RCW 28B.10.780; and repealing 2011 1st sp.s. c 50 s 928.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 28B.10
7 RCW to read as follows:

8 (1) By the 2019-20 academic year, it is the goal of the
9 legislature to make state appropriations to the state universities,
10 the regional universities, and The Evergreen State College in the
11 omnibus appropriations act for at least fifty percent of the total
12 amount of funds the institutions received for full-time resident
13 undergraduates from state appropriations and the operating fee
14 portion of tuition and fees in the 2014-15 academic year. Total
15 appropriations for resident undergraduates shall be increased by an
16 inflation factor each year, measured by the implicit price deflator
17 for personal consumption expenditures for the United States for the
18 previous calendar year, as compiled by the bureau of economic
19 analysis of the United States department of commerce and reported in
20 the most recent quarterly publication of the economic and revenue
21 forecast council or successor agency.

1 (2) Appropriations shall be increased to the state universities,
2 the regional universities, and The Evergreen State College in equal
3 amounts over a four-year period beginning in the 2015-16 academic
4 year in order to meet or exceed the fifty percent funding goal
5 described in subsection (1) of this section by the 2019-20 academic
6 year.

7 **Sec. 2.** RCW 28B.15.067 and 2013 2nd sp.s. c 4 s 958 are each
8 amended to read as follows:

9 (1) Tuition fees shall be established under the provisions of
10 this chapter.

11 (2)(a) Beginning in the 2011-12 academic year, reductions or
12 increases in full-time tuition fees shall be as provided in the
13 omnibus appropriations act for resident undergraduate students at
14 community and technical colleges. The (~~governing boards of the state~~
15 ~~universities, regional universities, and The Evergreen State College;~~
16 ~~and the~~) state board for community and technical colleges may reduce
17 or increase full-time tuition fees for all students other than
18 resident undergraduates, including nonresident students, summer
19 school students, and students in other self-supporting degree
20 programs. Percentage increases in full-time tuition may exceed the
21 fiscal growth factor. (~~Except during the 2013-2015 fiscal biennium,~~
22 ~~the state board for community and technical colleges may pilot or~~
23 ~~institute differential tuition models. The board may define scale,~~
24 ~~scope, and rationale for the models.)) The state board for community
25 and technical colleges may not reduce enrollment levels below fiscal
26 year 2014 budgeted levels in order to improve or alter the per-
27 student funding amount.~~

28 (b) Before reducing or increasing tuition for each academic year,
29 the state board for community and technical colleges shall consult
30 with existing student associations or organizations with
31 undergraduate student representation regarding the impacts of
32 potential tuition increases. The state board for community and
33 technical colleges shall provide data regarding the percentage of
34 students receiving financial aid, the sources of aid, and the
35 percentage of total costs of attendance paid for by aid.

36 (3)(a) Beginning with the 2011-12 academic year (~~and through the~~
37 ~~end of the 2014-15 academic year~~), the governing boards of the state
38 universities, the regional universities, and The Evergreen State
39 College may reduce or increase full-time tuition fees for all

1 students other than resident undergraduates, including nonresident
2 students, summer school students, and students in other self-
3 supporting degree programs. Percentage increases in full-time tuition
4 fees may exceed the fiscal growth factor. Reductions or increases may
5 be made for all or portions of an institution's programs, campuses,
6 courses, or students(~~(; however, during the 2013-2015 fiscal~~
7 ~~biennium, reductions or increases in tuition must be uniform among~~
8 ~~resident undergraduate students)~~)).

9 (b) Beginning with the 2015-16 academic year, the governing
10 boards of the state universities, the regional universities, and The
11 Evergreen State College are limited in their tuition-setting
12 authority; these institutions are authorized to set the operating fee
13 portion of tuition fees for full-time resident undergraduates at no
14 more than the level necessary to maintain the total amount of funds
15 the institutions received for full-time resident undergraduates from
16 state appropriations and the operating fee portion of tuition fees in
17 the 2014-15 academic year, except that the governing boards may
18 increase the amount each year by an inflation factor, measured by the
19 implicit price deflator for personal consumption expenditures for the
20 United States for the previous calendar year, as compiled by the
21 bureau of economic analysis of the United States department of
22 commerce and reported in the most recent quarterly publication of the
23 economic and revenue forecast council or successor agency. The
24 governing boards shall not reduce full-time undergraduate enrollment
25 levels below fiscal year 2014 budgeted levels in order to improve or
26 alter the per-student funding amount.

27 (c) Prior to reducing or increasing tuition for each academic
28 year, the governing boards of the state universities, the regional
29 universities, and The Evergreen State College shall consult with
30 existing student associations or organizations with student
31 undergraduate and graduate representatives regarding the impacts of
32 potential tuition increases. Each governing board shall make public
33 its proposal for tuition and fee increases twenty-one days before the
34 governing board of the institution considers adoption and allow
35 opportunity for public comment. However, the requirement to make
36 public a proposal for tuition and fee increases twenty-one days
37 before the governing board considers adoption shall not apply if the
38 omnibus appropriations act has not passed the legislature by May
39 15th. Governing boards shall be required to provide data regarding

1 the percentage of students receiving financial aid, the sources of
2 aid, and the percentage of total costs of attendance paid for by aid.

3 ~~((c) Prior to reducing or increasing tuition for each academic
4 year, the state board for community and technical college system
5 shall consult with existing student associations or organizations
6 with undergraduate student representation regarding the impacts of
7 potential tuition increases. The state board for community and
8 technical colleges shall provide data regarding the percentage of
9 students receiving financial aid, the sources of aid, and the
10 percentage of total costs of attendance paid for by aid.~~

11 ~~(4) Beginning with the 2015-16 academic year through the 2018-19
12 academic year, the governing boards of the state universities,
13 regional universities, and The Evergreen State College may set
14 tuition for resident undergraduates as follows:~~

15 ~~(a) If state funding for a college or university falls below the
16 state funding provided in the operating budget for fiscal year 2011,
17 the governing board may increase tuition up to the limits set in (d)
18 of this subsection, reduce enrollments, or both;~~

19 ~~(b) If state funding for a college or university is at least at
20 the level of state funding provided in the operating budget for
21 fiscal year 2011, the governing board may increase tuition up to the
22 limits set in (d) of this subsection and shall continue to at least
23 maintain the actual enrollment levels for fiscal year 2011 or
24 increase enrollments as required in the omnibus appropriations act;~~

25 ~~(c) If state funding is increased so that combined with resident
26 undergraduate tuition the sixtieth percentile of the total per-
27 student funding at similar public institutions of higher education in
28 the global challenge states under RCW 28B.15.068 is exceeded, the
29 governing board shall decrease tuition by the amount needed for the
30 total per student funding to be at the sixtieth percentile under RCW
31 28B.15.068; and~~

32 ~~(d) The amount of tuition set by the governing board for an
33 institution under this subsection (4) may not exceed the sixtieth
34 percentile of the resident undergraduate tuition of similar public
35 institutions of higher education in the global challenge states.~~

36 ~~(5))~~ (4) The tuition fees established under this chapter shall
37 not apply to high school students enrolling in participating
38 institutions of higher education under RCW 28A.600.300 through
39 28A.600.400.

1 ~~((6))~~ (5) The tuition fees established under this chapter shall
2 not apply to eligible students enrolling in a dropout reengagement
3 program through an interlocal agreement between a school district and
4 a community or technical college under RCW 28A.175.100 through
5 28A.175.110.

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

10 ~~((8) Beginning in the 2019-20 academic year, reductions or
11 increases in full-time tuition fees for resident undergraduates at
12 four-year institutions of higher education shall be as provided in
13 the omnibus appropriations act.~~

14 ~~(9) The legislative advisory committee to the committee on
15 advanced tuition payment established in RCW 28B.95.170 shall:~~

16 ~~(a) Review the impact of differential tuition rates on the funded
17 status and future unit price of the Washington advanced college
18 tuition payment program; and~~

19 ~~(b) No later than January 14, 2013, make a recommendation to the
20 appropriate policy and fiscal committees of the legislature regarding
21 how differential tuition should be addressed in order to maintain the
22 ongoing solvency of the Washington advanced college tuition payment
23 program.)~~

24 **Sec. 3.** RCW 28B.15.068 and 2012 c 229 s 525 and 2012 c 229 s 524
25 are each reenacted and amended to read as follows:

26 ~~(1) ((By September 1st of each year beginning in 2011, the office
27 of financial management shall report to the governor, the student
28 achievement council, and appropriate committees of the legislature
29 with updated estimates of:~~

30 ~~(a) The total per student funding level that represents the
31 sixtieth percentile of funding for similar institutions of higher
32 education in the global challenge states; and~~

33 ~~(b) The tuition that represents the sixtieth percentile of
34 resident undergraduate tuition for similar institutions of higher
35 education in the global challenge states.~~

36 ~~(2) As used in this section, "global challenge states" are the
37 top performing states on the new economy index published by the
38 progressive policy institute as of July 22, 2007. The new economy
39 index ranks states on indicators of their potential to compete in the~~

1 ~~new economy. At least once every five years, the office of financial~~
2 ~~management shall determine if changes to the list of global challenge~~
3 ~~states are appropriate. The office of financial management shall~~
4 ~~report its findings to the governor and the legislature.~~

5 ~~(3))~~ Institutions of higher education, in collaboration with
6 relevant student associations, shall aim to have all students who can
7 benefit from available tax credits that mitigate the costs of higher
8 education take advantage of these opportunities. These tax credits
9 include the American opportunity tax credit provided in the American
10 recovery and reinvestment act of 2009, the lifetime learning credit,
11 and other relevant tax credits for as long as they are available.

12 ~~((4))~~ (2)(a) Institutions shall make every effort to
13 communicate to students and their families the benefits of such tax
14 credits and provide assistance to students and their families on how
15 to apply.

16 (b) Information about relevant tax credits shall, to the greatest
17 extent possible, be incorporated into financial aid counseling,
18 admission information, and individual billing statements.

19 (c) Institutions shall, to the greatest extent possible, use all
20 means of communication, including but not limited to web sites,
21 online catalogues, admission and registration forms, mass email
22 messaging, social media, and outside marketing to ensure information
23 about relevant tax credits is visible and compelling, and reaches the
24 maximum amount of student and families that can benefit.

25 ~~((5) In the event that the economic value of the American~~
26 ~~opportunity tax credit is reduced or expires at any time before~~
27 ~~December 31, 2012, institutions of higher education shall:~~

28 ~~(a) Develop an updated tuition mitigation plan established under~~
29 ~~RCW 28B.15.102 for the purpose of minimizing, to the greatest extent~~
30 ~~possible, the increase in net cost of tuition or total cost of~~
31 ~~attendance for students resulting from any such change. This plan~~
32 ~~shall include the methods specified by the four-year institution of~~
33 ~~higher education to avoid adding additional loan debt burdens to~~
34 ~~students regardless of the source of such loans;~~

35 ~~(b) Report to the governor and the relevant committees of the~~
36 ~~legislature on their plans to adjust their tuition mitigation plans~~
37 ~~no later than ninety days after any such change to the American~~
38 ~~opportunity tax credit.))~~

1 **Sec. 4.** RCW 28B.77.070 and 2012 c 229 s 110 are each amended to
2 read as follows:

3 (1) The council shall identify budget priorities and levels of
4 funding for higher education, including the two and four-year
5 institutions of higher education and state financial aid programs. It
6 is the intent of the legislature for the council to make budget
7 recommendations for allocations for major policy changes in
8 accordance with priorities set forth in the ten-year plan, but the
9 legislature does not intend for the council to review and make
10 recommendations on individual institutional budgets. It is the intent
11 of the legislature that recommendations from the council prioritize
12 funding needs for the overall system of higher education in
13 accordance with priorities set forth in the ten-year plan. (~~It is~~
14 ~~also the intent of the legislature that the council's recommendations~~
15 ~~take into consideration the total per student funding at similar~~
16 ~~public institutions of higher education in the global challenge~~
17 ~~states.~~)

18 (2) By December of each odd-numbered year, the council shall
19 outline the council's fiscal priorities under the ten-year plan that
20 it must distribute to the institutions, the state board for community
21 and technical colleges, the office of financial management, and the
22 joint higher education committee.

23 (a) Capital budget outlines for the two-year institutions shall
24 be submitted to the office of financial management by August 15th of
25 each even-numbered year, and shall include the prioritized ranking of
26 the capital projects being requested, a description of each capital
27 project, and the amount and fund source being requested.

28 (b) Capital budget outlines for the four-year institutions must
29 be submitted to the office of financial management by August 15th of
30 each even-numbered year, and must include: The institutions' priority
31 ranking of the project; the capital budget category within which the
32 project will be submitted to the office of financial management in
33 accordance with RCW 43.88D.010; a description of each capital
34 project; and the amount and fund source being requested.

35 (c) The office of financial management shall reference these
36 reporting requirements in its budget instructions.

37 (3) The council shall submit recommendations on the operating
38 budget priorities to support the ten-year plan to the office of
39 financial management by October 1st each year, and to the legislature
40 by January 1st each year.

1 (4)(a) The office of financial management shall develop one
2 prioritized list of capital projects for the legislature to consider
3 that includes all of the projects requested by the four-year
4 institutions of higher education that were scored by the office of
5 financial management pursuant to chapter 43.88D RCW, including
6 projects that were previously scored but not funded. The prioritized
7 list of capital projects shall be based on the following priorities
8 in the following order:

9 (i) Office of financial management scores pursuant to chapter
10 43.88D RCW;

11 (ii) Preserving assets;

12 (iii) Degree production; and

13 (iv) Maximizing efficient use of instructional space.

14 (b) The office of financial management shall include all of the
15 capital projects requested by the four-year institutions of higher
16 education, except for the minor works projects, in the prioritized
17 list of capital projects provided to the legislature.

18 (c) The form of the prioritized list for capital projects
19 requested by the four-year institutions of higher education shall be
20 provided as one list, ranked in priority order with the highest
21 priority project ranked number "1" through the lowest priority
22 project numbered last. The ranking for the prioritized list of
23 capital projects may not:

24 (i) Include subpriorities;

25 (ii) Be organized by category;

26 (iii) Assume any state bond or building account biennial funding
27 level to prioritize the list; or

28 (iv) Assume any specific share of projects by institution in the
29 priority list.

30 (5) Institutions and the state board for community and technical
31 colleges shall submit any supplemental capital budget requests and
32 revisions to the office of financial management by November 1st and
33 to the legislature by January 1st.

34 **Sec. 5.** RCW 28B.77.100 and 2012 c 229 s 302 are each amended to
35 read as follows:

36 (1)(a) In consultation with the education data center,
37 institutions of higher education, and state education agencies, the
38 council shall identify the data needed to carry out its
39 responsibilities for policy analysis and public information. The

1 primary goals of the council's data collection and research are to
2 describe how students and other beneficiaries of higher education are
3 being served; to compare and contrast the state of Washington's
4 higher education system with the rest of the nation; and to assist
5 state policymakers and institutions in making policy decisions.

6 (b) For the council, assistance to state policymakers and
7 institutions of higher education in making policy decisions includes
8 but is not limited to annual reporting of a national comparison of
9 tuition and fees.

10 (2) One of the goals of the education data center's data
11 collection and research for higher education is to support higher
12 education accountability. For the education data center, assistance
13 to state policymakers and institutions of higher education in making
14 policy decisions includes but is not limited to regular completion
15 of((+)

16 ~~(a))~~ educational cost study reports as provided in RCW 43.41.415
17 and information on state support received by students as provided in
18 RCW 43.41.410(~~(+and~~

19 ~~(b) Per student funding at similar public institutions of higher~~
20 ~~education in the global challenge states)).~~

21 **Sec. 6.** RCW 28B.145.030 and 2014 c 208 s 3 are each amended to
22 read as follows:

23 (1) The program administrator, under contract with the council,
24 shall staff the board and shall have the duties and responsibilities
25 provided in this chapter, including but not limited to publicizing
26 the program, selecting participants for the opportunity scholarship
27 award, distributing opportunity scholarship awards, and achieving the
28 maximum possible rate of return on investment of the accounts in
29 subsection (2) of this section, while ensuring transparency in the
30 investment decisions and processes. Duties, exercised jointly with
31 the board, include soliciting funds and setting annual fund-raising
32 goals. The program administrator shall be paid an administrative fee
33 as determined by the board.

34 (2) With respect to the opportunity scholarship program, the
35 program administrator shall:

36 (a) Establish and manage two separate accounts into which to
37 receive grants and contributions from private sources as well as
38 state matching funds, and from which to disburse scholarship funds to
39 participants;

1 (b) Solicit and accept grants and contributions from private
2 sources, via direct payment, pledge agreement, or escrow account, of
3 private sources for deposit into one or both of the two accounts
4 created in this subsection (2)(b) in accordance with this subsection
5 (2)(b):

6 (i) The "scholarship account," whose principal may be invaded,
7 and from which scholarships must be disbursed beginning no later than
8 December 1, 2011, if, by that date, state matching funds in the
9 amount of five million dollars or more have been received.
10 Thereafter, scholarships shall be disbursed on an annual basis
11 beginning no later than May 1, 2012, and every October 1st
12 thereafter;

13 (ii) The "endowment account," from which scholarship moneys may
14 be disbursed from earnings only in years when:

15 (A) The state match has been made into both the scholarship and
16 the endowment account; and

17 (B) The state appropriations for the state need grant under RCW
18 28B.92.010 meet or exceed state appropriations for the state need
19 grant made in the 2011-2013 biennium, adjusted for inflation, and
20 eligibility for state need grant recipients is at least seventy
21 percent of state median family income; ((and

22 ~~(C) The state has demonstrated progress toward the goal of total~~
23 ~~per-student funding levels, from state appropriations plus tuition~~
24 ~~and fees, of at least the sixtieth percentile of total per-student~~
25 ~~funding at similar public institutions of higher education in the~~
26 ~~global challenge states, as defined, measured, and reported in RCW~~
27 ~~28B.15.068. In any year in which the office of financial management~~
28 ~~reports that the state has not made progress toward this goal, no new~~
29 ~~scholarships may be awarded. In any year in which the office of~~
30 ~~financial management reports that the percentile of total per-student~~
31 ~~funding is less than the sixtieth percentile and at least five~~
32 ~~percent less than the prior year, pledges of future grants and~~
33 ~~contributions may, at the request of the donor, be released and~~
34 ~~grants and contributions already received refunded to the extent that~~
35 ~~opportunity scholarship awards already made can be fulfilled from the~~
36 ~~funds remaining in the endowment account. In fulfilling the~~
37 ~~requirements of this subsection, the office of financial management~~
38 ~~shall use resources that facilitate measurement and comparisons of~~
39 ~~the most recently completed academic year. These resources may~~
40 ~~include, but are not limited to, the data provided in a uniform~~

~~1 dashboard format under RCW 28B.77.090 as the statewide public four-~~
~~2 year dashboard and academic year reports prepared by the state board~~
~~3 for community and technical colleges;)~~

4 (iii) An amount equal to at least fifty percent of all grants and
5 contributions must be deposited into the scholarship account until
6 such time as twenty million dollars have been deposited into the
7 account, after which time the private donors may designate whether
8 their contributions must be deposited to the scholarship or the
9 endowment account. The board and the program administrator must work
10 to maximize private sector contributions to both the scholarship
11 account and the endowment account, to maintain a robust scholarship
12 program while simultaneously building the endowment, and to determine
13 the division between the two accounts in the case of undesignated
14 grants and contributions, taking into account the need for a
15 long-term funding mechanism and the short-term needs of families and
16 students in Washington. The first five million dollars in state
17 match, as provided in RCW 28B.145.040, shall be deposited into the
18 scholarship account and thereafter the state match shall be deposited
19 into the two accounts in equal proportion to the private funds
20 deposited in each account; and

21 (iv) Once moneys in the opportunity scholarship match transfer
22 account are subject to an agreement under RCW 28B.145.050(5) and are
23 deposited in the scholarship account or endowment account under this
24 section, the state acts in a fiduciary rather than ownership capacity
25 with regard to those assets. Assets in the scholarship account and
26 endowment account are not considered state money, common cash, or
27 revenue to the state;

28 (c) Provide proof of receipt of grants and contributions from
29 private sources to the council, identifying the amounts received by
30 name of private source and date, and whether the amounts received
31 were deposited into the scholarship or the endowment account;

32 (d) In consultation with the council and the state board for
33 community and technical colleges, make an assessment of the
34 reasonable annual eligible expenses associated with eligible
35 education programs identified by the board;

36 (e) Determine the dollar difference between tuition fees charged
37 by institutions of higher education in the 2008-09 academic year and
38 the academic year for which an opportunity scholarship is being
39 distributed;

1 (f) Develop and implement an application, selection, and
2 notification process for awarding opportunity scholarships;

3 (g) Determine the annual amount of the opportunity scholarship
4 for each selected participant. The annual amount shall be at least
5 one thousand dollars or the amount determined under (e) of this
6 subsection, but may be increased on an income-based, sliding scale
7 basis up to the amount necessary to cover all reasonable annual
8 eligible expenses as assessed pursuant to (d) of this subsection, or
9 to encourage participation in baccalaureate degree programs
10 identified by the board;

11 (h) Distribute scholarship funds to selected participants. Once
12 awarded, and to the extent funds are available for distribution, an
13 opportunity scholarship shall be automatically renewed until the
14 participant withdraws from or is no longer attending the program,
15 completes the program, or has taken the credit or clock hour
16 equivalent of one hundred twenty-five percent of the published length
17 of time of the participant's program, whichever occurs first, and as
18 long as the participant annually submits documentation of filing both
19 a free application for federal student aid and for available federal
20 education tax credits, including but not limited to the American
21 opportunity tax credit; and

22 (i) Notify institutions of scholarship recipients who will attend
23 their institutions and inform them of the terms of the students'
24 eligibility.

25 (3) With respect to the opportunity expansion program, the
26 program administrator shall:

27 (a) Assist the board in developing and implementing an
28 application, selection, and notification process for making
29 opportunity expansion awards; and

30 (b) Solicit and accept grants and contributions from private
31 sources for opportunity expansion awards.

32 NEW SECTION. **Sec. 7.** RCW 28B.10.780 (Budget calculation—Funding
33 level) and 1993 sp.s. c 15 s 4 are each repealed.

34 NEW SECTION. **Sec. 8.** 2011 1st sp.s. c 50 s 928 is repealed.

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