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SUBSTITUTE SENATE BILL 6562

State of Washington 61st Legislature 2010 Regular Session

By Senate Higher Education & Workforce Development (originally sponsored by Senators Kilmer, Tom, Delvin, Regala, Murray, Hargrove, and King)

READ FIRST TIME 02/05/10.

- 1 AN ACT Relating to higher education accountability and access;
- 2 amending RCW 28B.15.067, 28B.15.068, 28B.15.031, 28B.15.820, and
- 3 28B.15.910; adding a new section to chapter 28B.15 RCW; adding a new
- 4 section to chapter 28B.92 RCW; repealing RCW 28B.10.920, 28B.10.921,
- 5 and 28B.10.922; and providing an expiration date.
- 6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 7 **Sec. 1.** RCW 28B.15.067 and 2009 c 574 s 1 are each amended to read 8 as follows:
- 9 (1) Tuition fees shall be established under the provisions of this 10 chapter.
- 11 (2)(a) Beginning with the 2003-04 academic year and ending with the
- 12 ((2012-13)) 2010-11 academic year, reductions or increases in full-time
- 13 tuition fees for resident undergraduates other than students at Central
- 14 <u>Washington University</u>, <u>Eastern Washington University</u>, <u>The Evergreen</u>
- 15 State College, and the community and technical colleges shall be as
- 16 provided in the omnibus appropriations act.
- 17 (b) For academic years 2011-12 through 2017-18, reductions or
- 18 increases in full-time tuition fees, as defined in RCW 28B.15.020, for

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resident undergraduates shall be determined annually by the governing boards of the University of Washington, Washington State University, and Western Washington University.

- (c) Beginning with the 2003-04 academic year and ending with the 2012-13 academic year, reductions or increases in full-time tuition fees for resident undergraduates at Central Washington University, Eastern Washington University, The Evergreen State College, and the community and technical colleges shall be as provided in the omnibus appropriations act.
- (3)(a) Beginning with the 2003-04 academic year and ending with the 2012-13 academic year, the governing boards of the state universities, the regional universities, The Evergreen State College, and the state board for community and technical colleges may reduce or increase full-time tuition fees for all students other than resident undergraduates, including summer school students and students in other self-supporting degree programs. Percentage increases in full-time tuition fees may exceed the fiscal growth factor. Reductions or increases may be made for all or portions of an institution's programs, campuses, courses, or students.
- (b) Prior to reducing or increasing tuition for each academic year, the governing boards of the state universities, the regional universities, and The Evergreen State College shall consult with existing student associations or organizations with student undergraduate and graduate representatives regarding the impacts of potential tuition increases. Governing boards shall be required to provide data regarding the percentage of students receiving financial aid, the sources of aid, and the percentage of total costs of attendance paid for by aid.
- (c) Prior to reducing or increasing tuition for each academic year, each college in the state board for community and technical college system shall consult with existing student associations or organizations with undergraduate student representation regarding the impacts of potential tuition increases. Colleges shall provide data regarding the percentage of students receiving financial aid, the sources of aid, and the percentage of total costs of attendance paid for by aid.
- (4) Academic year tuition for full-time students at ((the state's institutions of higher education)) Central Washington University,

Eastern Washington University, The Evergreen State College, and the community and technical colleges beginning with 2015-16, other than summer term, shall be as charged during the 2014-15 academic year unless different rates are adopted by the legislature.

- (5) The tuition fees established under this chapter shall not apply to high school students enrolling in participating institutions of higher education under RCW 28A.600.300 through 28A.600.400.
- (6) The tuition fees established under this chapter shall not apply to eligible students enrolling in a community or technical college under RCW 28C.04.610.
- (7) The tuition fees established under this chapter shall not apply to eligible students enrolling in a community or technical college participating in the pilot program under RCW 28B.50.534 for the purpose of obtaining a high school diploma.
- (8) For the academic years 2003-04 through 2008-09, the University of Washington shall use an amount equivalent to ten percent of all revenues received as a result of law school tuition increases beginning in academic year 2000-01 through academic year 2008-09 to assist needy low and middle-income resident law students.
- (9) For the academic years 2003-04 through 2008-09, institutions of higher education shall use an amount equivalent to ten percent of all revenues received as a result of graduate academic school tuition increases beginning in academic year 2003-04 through academic year 2008-09 to assist needy low and middle-income resident graduate academic students.
- (10) Any tuition increases above seven percent shall fund costs of instruction, library and student services, utilities and maintenance, other costs related to instruction as well as institutional financial aid. Through 2010-11, any funding reductions to instruction, library and student services, utilities and maintenance and other costs related to instruction shall be proportionally less than other program areas including administration.
- **Sec. 2.** RCW 28B.15.068 and 2009 c 540 s 1 are each amended to read as follows:
- 35 (1) Except as provided in subsection (2) of this section, beginning 36 with the 2007-08 academic year and ending with the 2016-17 academic 37 year, tuition fees charged to full-time resident undergraduate

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students, except in academic years 2009-10 and 2010-11, may increase no greater than seven percent over the previous academic year in any institution of higher education. Annual reductions or increases in full-time tuition fees for resident undergraduate students shall be as provided in the omnibus appropriations act, within the seven percent increase limit established in this section. For academic years 2009-10 2010-11 the omnibus appropriations act may provide tuition increases greater than seven percent. To the extent that state appropriations combined with tuition and fee revenues are insufficient achieve the total per-student funding goals established subsection $((\frac{2}{2}))$ of this section, the legislature may revisit state appropriations, authorized enrollment levels, and changes in tuition fees for any given fiscal year.

- (2) For the University of Washington, Washington State University, and Western Washington University, beginning with the 2011-12 academic year through the 2017-18 academic year, any reductions or increases in tuition fees charged to full-time resident undergraduate students are subject to the following conditions:
- (a) The average annual compounded rate of change of undergraduate full-time tuition fees may not exceed nine percent based on the preceding fifteen years, or fourteen percent in any year;
- (b) The average resident undergraduate full-time tuition fees may not in any academic year exceed the seventy-fifth percentile of resident undergraduate tuition and fees at similar public institutions of higher education in the global challenge states as defined in subsection (5) of this section; and
- (c) Annual approval of an institutional performance agreement by the committee on higher education performance as required by section 3 of this act.
- (3) The state shall adopt as its goal total per-student funding levels, from state appropriations plus tuition and fees, of at least the sixtieth percentile of total per-student funding at similar public institutions of higher education in the global challenge states. In defining comparable per-student funding levels, the office of financial management shall adjust for regional cost-of-living differences; for differences in program offerings and in the relative mix of lower division, upper division, and graduate students; and for accounting and reporting differences among the comparison institutions. The office of

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financial management shall develop a funding trajectory for each four-1 2 year institution of higher education and for the community and technical college system as a whole that when combined with tuition and 3 4 fees revenue allows the state to achieve its funding goal for each four-year institution and the community and technical college system as 5 a whole no later than fiscal year 2017. The state shall not reduce 6 enrollment levels below fiscal year 2007 budgeted levels in order to 7 8 improve or alter the per-student funding amount at any four-year 9 institution of higher education or the community and technical college The state recognizes that each four-year 10 system as a whole. 11 institution of higher education and the community and technical college 12 system as a whole have different funding requirements to achieve 13 desired performance levels, and that increases to the total per-student funding amount may need to exceed the minimum funding goal. 14

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

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

 $((\frac{5}{}))$ (6) During the 2009-10 and the 2010-11 academic years, institutions of higher education shall include information on their billing statements notifying students of tax credits available through the American opportunity tax credit provided in the American recovery and reinvestment act of 2009.

NEW SECTION. Sec. 3. A new section is added to chapter 28B.15 RCW to read as follows:

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(1) To ensure institutional quality, promote access, and advance the public mission of public four-year institutions of higher education, the authority to increase or decrease tuition rates shall be considered within the context of institutional performance agreements by the committee on higher education performance. By September 1, 2011, the University of Washington, Washington State University, and Western Washington University shall each negotiate an institutional performance agreement with the committee on higher education performance. The agreement shall include student data on financial aid from institutional, tuition, and state sources, as well as student demographics.

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- (2) For the 2012-13 academic year through the 2017-18 academic year, each institution of higher education shall submit an annual report on the negotiated performance agreement to the committee on higher education performance. Demonstration of satisfactory progress towards reaching performance outcomes, benchmarks, and goals is required for approval by the committee on higher education performance. Individual institutional performance contracts shall be six years in duration and shall be developed by individual institutions in cooperation with students, represented and nonrepresented faculty, staff, and institutional governing boards.
- 22 (3) The committee on higher education performance shall be composed of:
- 24 (a) The director of the office of financial management or the 25 director's designee;
 - (b) The executive director of the higher education coordinating board or the executive director's designee;
- 28 (c) The chair of the senate ways and means committee or the chair's designee;
- 30 (d) The chair of the senate higher education and workforce 31 development committee or the chair's designee;
 - (e) The chair of the house of representatives education appropriations committee or the chair's designee;
- 34 (f) The chair of the house of representatives higher education 35 committee or the chair's designee;
- 36 (g) The ranking member of the senate ways and means committee or 37 the ranking member's designee;

1 (h) The ranking member of the senate higher education and workforce 2 development committee or the ranking member's designee;

- (i) The ranking member of the house higher education committee or the ranking member's designee; and
- (j) The ranking member of the house education appropriations committee or the ranking member's designee.
- (4) At a minimum, an individual institutional performance agreement shall include:
- (a) Indicators that measure outcomes concerning cost, quality, timeliness of student progress toward degrees and certifications, and articulation between and within the K-12 and higher education systems;
- (b) Indicators that measure outcomes concerning recruitment, retention, and success of students, faculty, and staff, from low-income, diverse, or underrepresented communities;
- 15 (c) Benchmarks and goals for long-term degree production, including 16 discrete benchmarks and goals in areas of high demand and critical 17 state need; and
- (d) The level of state and tuition resources necessary to meet the performance outcomes, benchmarks, and goals, including per-student funding goals established in this subsection (4).

Sec. 4. RCW 28B.15.031 and 2003 c 232 s 2 are each amended to read 22 as follows:

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

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established by any college or university board of trustees or regents from time to time. All moneys received as operating fees at any institution of higher education shall be deposited in a local account containing only operating fees revenue and related interest: PROVIDED, That a minimum of three and one-half percent of operating fees shall be retained by the institutions for the purposes of RCW 28B.15.820. The amount of operating fees retained for the purposes of RCW 28B.15.820 shall be reduced by the amounts allocated under section 6 of this act. Local operating fee accounts shall not be subject to appropriation by the legislature or allotment procedures under chapter 43.88 RCW.

- **Sec. 5.** RCW 28B.15.820 and 2009 c 215 s 9 are each amended to read 12 as follows:
 - (1) Each institution of higher education, including technical colleges, shall deposit a minimum of three and one-half percent of revenues collected from tuition and services and activities fees in an institutional financial aid fund that is hereby created and which shall be held locally. The amount of operating fees retained for the purposes of this section shall be reduced by the amounts allocated under section 6 of this act. Moneys in the fund shall be used only for the following purposes: (a) To make guaranteed long-term loans to eligible students as provided in subsections (3) through (8) of this section; (b) to make short-term loans as provided in subsection (9) of this section; (c) to provide financial aid to needy students as provided in subsection (10) of this section; or (d) to provide financial aid to students as provided in subsection (11) of this section.
 - (2) An "eligible student" for the purposes of subsections (3) through (8) and (10) of this section is a student registered for at least three credit hours or the equivalent, who is eligible for resident tuition and fee rates as defined in RCW 28B.15.012 and 28B.15.013, and who is a "needy student" as defined in RCW 28B.92.030.
 - (3) The amount of the guaranteed long-term loans made under this section shall not exceed the demonstrated financial need of the student. Each institution shall establish loan terms and conditions which shall be consistent with the terms of the guaranteed loan program established by 20 U.S. Code Section 1071 et seq., as now or hereafter amended. All loans made shall be guaranteed by the Washington student

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loan guaranty association or its successor agency. Institutions are hereby granted full authority to operate as an eligible lender under the guaranteed loan program.

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- (4) Before approving a guaranteed long-term loan, each institution shall analyze the ability of the student to repay the loan based on factors which include, but are not limited to, the student's accumulated total education loan burdens and the employment opportunities and average starting salary characteristics of the student's chosen fields of study. The institution shall counsel the student on the advisability of acquiring additional debt, and on the availability of other forms of financial aid.
- (5) Each institution is responsible for collection of guaranteed long-term loans made under this section and shall exercise due diligence in such collection, maintaining all necessary records to insure that maximum repayments are made. Institutions shall cooperate lenders and the Washington student loan association, or its successor agency, in the coordinated collection of guaranteed loans, and shall assure that the guarantability of the loans is not violated. Collection and servicing of guaranteed long-term loans under this section shall be performed by entities approved for such servicing by the Washington student loan guaranty association or its successor agency: PROVIDED, That institutions be permitted to perform such servicing if specifically recognized to do so by the Washington student loan guaranty association or its successor agency. Collection and servicing of guaranteed long-term loans made community colleges under subsection (1) of this section shall be coordinated by the state board for community and technical colleges and shall be conducted under procedures adopted by the state board.
- (6) Receipts from payment of interest or principal or any other subsidies to which institutions as lenders are entitled, that are paid by or on behalf of borrowers of funds under subsections (3) through (8) of this section, shall be deposited in each institution's financial aid fund and shall be used to cover the costs of making the guaranteed long-term loans under this section and maintaining necessary records and making collections under subsection (5) of this section: PROVIDED, That such costs shall not exceed five percent of aggregate outstanding loan principal. Institutions shall maintain accurate records of such

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costs, and all receipts beyond those necessary to pay such costs, shall be deposited in the institution's financial aid fund.

- (7) The governing boards of the state universities, the regional universities, and The Evergreen State College, and the state board for community and technical colleges, on behalf of the community colleges and technical colleges, shall each adopt necessary rules and regulations to implement this section.
- (8) First priority for any guaranteed long-term loans made under this section shall be directed toward students who would not normally have access to educational loans from private financial institutions in Washington state, and maximum use shall be made of secondary markets in the support of loan consolidation.
- (9) Short-term loans, not to exceed one year, may be made from the institutional financial aid fund to students enrolled in the institution. No such loan shall be made to any student who is known by the institution to be in default or delinquent in the payment of any outstanding student loan. A short-term loan may be made only if the institution has ample evidence that the student has the capability of repaying the loan within the time frame specified by the institution for repayment.
- (10) Any moneys deposited in the institutional financial aid fund that are not used in making long-term or short-term loans may be used by the institution for locally administered financial aid programs for needy students, such as need-based institutional employment programs or need-based tuition and fee scholarship or grant programs. These funds shall be used in addition to and not to replace institutional funds that would otherwise support these locally administered financial aid programs. First priority in the use of these funds shall be given to needy students who have accumulated excessive educational loan burdens. An excessive educational loan burden is a burden that will be difficult to repay given employment opportunities and average starting salaries in the student's chosen fields of study. Second priority in the use of these funds shall be given to needy single parents, to assist these students with their educational expenses, including expenses associated with child care and transportation.
- (11) Any moneys deposited in the institutional financial aid fund may be used by the institution for a locally administered financial aid program for high school students enrolled in dual credit programs. If

- institutions use funds in this manner, the governing boards of the state universities, the regional universities, The Evergreen State College, and the state board for community and technical colleges shall each adopt necessary rules to implement this subsection. Moneys from this fund may be used for all educational expenses related to a student's participation in a dual credit program including but not limited to tuition, fees, course materials, and transportation.
- 8 <u>NEW SECTION.</u> **Sec. 6.** A new section is added to chapter 28B.92 RCW 9 to read as follows:

- (1) Pursuant to subsection (2) of this section, the University of Washington, Washington State University, and Western Washington University shall waive full-time tuition fees for resident undergraduate students as follows:
- (a) Students whose family incomes are at or below fifty percent of the state's median family income shall receive a waiver equal to one hundred percent of full-time tuition fees;
 - (b) Students whose family incomes are greater than fifty percent and less than seventy-five percent of the state's median family income shall receive a waiver equal to seventy-five percent of full-time tuition fees;
 - (c) Students whose family incomes are at or exceed seventy-five percent and are less than one hundred percent of the state's median family income shall receive a waiver equal to fifty percent of full-time tuition fees; and
 - (d) Students whose family incomes are at or exceed one hundred one percent and are less than one hundred twenty-five percent of the state's median family income shall receive a waiver equal to twenty-five percent of full-time tuition fees.
 - (2)(a) If an institution's full-time tuition fees for resident undergraduate students exceed four and one-half percent of the state's median family income for a family of four, then subsection (1)(a) of this section applies.
 - (b) If an institution's full-time tuition fees for resident undergraduate students exceed nine percent of the state's median family income for a family of four, then subsection (1)(b) of this section also applies.

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(c) If an institution's full-time tuition fees for resident undergraduate students exceed thirteen and one-half percent of the state's median family income for a family of four, then subsection (1)(c) of this section also applies.

- (d) If an institution's full-time tuition fees for resident undergraduate students exceed eighteen percent of the state's median family income for a family of four, then subsection (1)(d) of this section also applies.
- (3) The waivers required in subsection (1) of this section shall be reduced by the amount of any state need grant and federal, state, and institutional scholarships, grants, and waivers.
- 12 (4) A student's eligibility for waivers under this section shall be 13 contingent upon their filing of a free application for federal student 14 aid (FAFSA).
 - (5) This section applies beginning with the 2011-12 academic year.

Sec. 7. RCW 28B.15.910 and 2008 c 188 s 3 are each amended to read as follows:

(1) For the purpose of providing state general fund support to public institutions of higher education, except for revenue waived under programs listed in subsections (3) and (4) of this section, and unless otherwise expressly provided in the omnibus state appropriations act, the total amount of operating fees revenue waived, exempted, or reduced by a state university, a regional university, The Evergreen State College, or the community colleges as a whole, shall not exceed the percentage of total gross authorized operating fees revenue in this subsection. As used in this section, "gross authorized operating fees revenue means the estimated gross operating fees revenue as estimated under RCW 82.33.020 or as revised by the office of financial management, before granting any waivers. This limitation applies to all tuition waiver programs established before or after July 1, 1992.

31	(a) University of Washington	21 percent
32	(b) Washington State University	20 percent
33	(c) Eastern Washington University	11 percent
34	(d) Central Washington University	10 percent
35	(e) Western Washington University	10 percent
36	(f) The Evergreen State College	10 percent
37	(g) Community colleges as a whole	35 percent

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         (2) The limitations in subsection (1) of this section apply to
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     waivers, exemptions, or reductions in operating fees contained in the
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     following:
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         (a) RCW 28B.15.014;
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         (b) RCW 28B.15.100;
         (c) RCW 28B.15.225;
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         (d) RCW 28B.15.380;
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         (e) RCW 28B.15.520;
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         (f) RCW 28B.15.526;
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         (g) RCW 28B.15.527;
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         (h) RCW 28B.15.543;
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         (i) RCW 28B.15.545;
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         (j) RCW 28B.15.555;
         (k) RCW 28B.15.556;
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         (1) RCW 28B.15.615;
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         (m) RCW 28B.15.621 (2) and (4);
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         (n) RCW 28B.15.730;
         (o) RCW 28B.15.740;
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         (p) RCW 28B.15.750;
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         (q) RCW 28B.15.756;
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         (r) RCW 28B.50.259; and
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         (s) RCW 28B.70.050.
         (3) The limitations in subsection (1) of this section do not apply
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     to waivers, exemptions, or reductions in services and activities fees
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     contained in the following:
         (a) RCW 28B.15.522;
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         (b) RCW 28B.15.540;
         (c) RCW 28B.15.558; ((and))
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         (d) RCW 28B.15.621(3); and
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- 30 (e) Section 6 of this act.
- (4) The total amount of operating fees revenue waived, exempted, or 31 32 reduced by institutions of higher education participating in the interstate commission for 33 western higher education western undergraduate exchange program under RCW 28B.15.544 shall not exceed 34 the percentage of total gross authorized operating fees revenue in this 35 subsection. 36
- 37 (a) Washington State University 1 percent
- 38 (b) Eastern Washington University 3 percent

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- 1 (c) Central Washington University 3 percent
- (5) The institutions of higher education will participate in 2 outreach activities to increase the number of veterans who receive 3 tuition waivers. Colleges and universities shall 4 revise the application for admissions so that all applicants shall have the 5 opportunity to advise the institution that they are veterans who need 6 assistance. If a person indicates on the application for admissions 7 8 that the person is a veteran who is in need of assistance, then the institution of higher education shall ask the person whether they have 9 10 any funds disbursed in accordance with the Montgomery GI Bill available 11 to them. Each institution shall encourage veterans to utilize funds 12 available to them in accordance with the Montgomery GI Bill prior to
- NEW SECTION. Sec. 8. The following acts or parts of acts are each repealed:

providing the veteran a tuition waiver.

- 16 (1) RCW 28B.10.920 (Performance agreements--Generally) and 2008 c 17 160 s 2;
- 18 (2) RCW 28B.10.921 (Performance agreements--Contents) and 2008 c 19 160 s 3; and
- 20 (3) RCW 28B.10.922 (Performance agreements--State committee--21 Development of final proposals--Implementation--Updates) and 2008 c 160 22 s 4.
- NEW SECTION. Sec. 9. Sections 3 and 6 of this act expire August 1, 2018.

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