S-4787.1

SECOND SUBSTITUTE SENATE BILL 6562

State of Washington 61st Legislature 2010 Regular Session

By Senate Ways & Means (originally sponsored by Senators Kilmer, Tom, Delvin, Regala, Murray, Hargrove, and King)

READ FIRST TIME 02/09/10.

AN ACT Relating to higher education accountability and access; amending RCW 28B.15.067, 28B.15.068, 28B.15.031, 28B.15.820, and 28B.15.910; adding new sections to chapter 28B.15 RCW; adding a new section to chapter 28B.92 RCW; repealing RCW 28B.10.920, 28B.10.921, 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 academic year, reductions or increases in full-time tuition 13 fees for resident undergraduates shall be as provided in the omnibus 14 appropriations act <u>except as provided in (b) of this subsection</u>.

15 (b) Subject to the provisions of section 10 of this act, for 16 academic years 2011-12 through 2017-18, reductions or increases in 17 full-time tuition fees, as defined in RCW 28B.15.020, for resident 18 undergraduate and graduate students shall be determined annually by the governing boards of the University of Washington, Washington State
 University, and Western Washington University.

(3)(a) Beginning with the 2003-04 academic year and ending with the 3 4 2012-13 academic year, the governing boards of the state universities, the regional universities, The Evergreen State College, and the state 5 6 board for community and technical colleges may reduce or increase full-7 time tuition fees for all students other than resident undergraduates, 8 including summer school students and students in other self-supporting Percentage increases in full-time tuition fees may 9 degree programs. 10 exceed the fiscal growth factor. Reductions or increases may be made for all or portions of an institution's programs, campuses, courses, or 11 12 students.

13 (b) Prior to reducing or increasing tuition for each academic year, 14 the governing boards of the state universities, the regional universities, and The Evergreen State College shall consult with 15 associations or organizations 16 existing student with student 17 undergraduate and graduate representatives regarding the impacts of potential tuition increases. Governing boards shall be required to 18 provide data regarding the percentage of students receiving financial 19 aid, the sources of aid, and the percentage of total costs of 20 21 attendance paid for by aid.

22 (c) Prior to reducing or increasing tuition for each academic year, 23 each college in the state board for community and technical college 24 shall consult with existing student associations system or 25 organizations with undergraduate student representation regarding the 26 impacts of potential tuition increases. Colleges shall provide data regarding the percentage of students receiving financial aid, the 27 28 sources of aid, and the percentage of total costs of attendance paid 29 for by aid.

30 (4) Except as provided in subsection (2)(b) of this section, for full-time students 31 academic year tuition at the state's 32 institutions of higher education beginning with ((2015-16)) 2014-15, other than summer term, shall be as charged during the ((2014-15)) 33 2012-13 academic year unless different rates are adopted by the 34 35 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.

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

8 (8) For the academic years 2003-04 through 2008-09, the University 9 of Washington shall use an amount equivalent to ten percent of all 10 revenues received as a result of law school tuition increases beginning 11 in academic year 2000-01 through academic year 2008-09 to assist needy 12 low and middle-income resident law students.

13 (9) For the academic years 2003-04 through 2008-09, institutions of 14 higher education shall use an amount equivalent to ten percent of all 15 revenues received as a result of graduate academic school tuition 16 increases beginning in academic year 2003-04 through academic year 17 2008-09 to assist needy low and middle-income resident graduate 18 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.

26 **Sec. 2.** RCW 28B.15.068 and 2009 c 540 s 1 are each amended to read 27 as follows:

(1) Except as provided in subsection (2) of this section, beginning 28 29 with the 2007-08 academic year and ending with the 2016-17 academic year, tuition fees charged to full-time resident undergraduate 30 students, except in academic years 2009-10 and 2010-11, may increase no 31 greater than seven percent over the previous academic year in any 32 institution of higher education. Annual reductions or increases in 33 34 full-time tuition fees for resident undergraduate students shall be as 35 provided in the omnibus appropriations act, within the seven percent 36 increase limit established in this section. For academic years 2009-10 37 and 2010-11 the omnibus appropriations act may provide tuition

1 increases greater than seven percent. To the extent that state 2 appropriations combined with tuition and fee revenues are insufficient 3 to achieve the total per-student funding goals established in 4 subsection (((2))) (3) of this section, the legislature may revisit 5 state appropriations, authorized enrollment levels, and changes in 6 tuition fees for any given fiscal year.

7 (2) Subject to the provisions of section 10 of this act, for the
8 University of Washington, Washington State University, and Western
9 Washington University, beginning with the 2011-12 academic year through
10 the 2017-18 academic year, any reductions or increases in tuition fees
11 charged to full-time resident undergraduate and graduate students are
12 subject to the following conditions:

13 (a) The average annual compounded rate of change of undergraduate 14 full-time tuition fees may not exceed nine 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 as defined in 20 subsection (5) of this section; and

21 (c) Annual approval of an institutional performance agreement by 22 the committee on higher education performance as required by section 3 23 of this act.

24 (3) The state shall adopt as its goal total per-student funding levels, from state appropriations plus tuition and fees, of at least 25 26 the sixtieth percentile of total per-student funding at similar public 27 institutions of higher education in the global challenge states. In defining comparable per-student funding levels, the office of financial 28 management shall adjust for regional cost-of-living differences; for 29 30 differences in program offerings and in the relative mix of lower division, upper division, and graduate students; and for accounting and 31 32 reporting differences among the comparison institutions. The office of 33 financial management shall develop a funding trajectory for each fouryear institution of higher education and for the community and 34 35 technical college system as a whole that when combined with tuition and 36 fees revenue allows the state to achieve its funding goal for each 37 four-year institution and the community and technical college system as 38 a whole no later than fiscal year 2017. The state shall not reduce

enrollment levels below fiscal year 2007 budgeted levels in order to 1 2 improve or alter the per-student funding amount at any four-year 3 institution of higher education or the community and technical college 4 system as a whole. The state recognizes that each four-year institution of higher education and the community and technical college 5 system as a whole have different funding requirements to achieve б 7 desired performance levels, and that increases to the total per-student 8 funding amount may need to exceed the minimum funding goal.

9 (((3))) (4) By September 1st of each year beginning in 2008, the 10 office of financial management shall report to the governor, the higher education coordinating board, and appropriate committees of the 11 12 legislature with updated estimates of the total per-student funding 13 level that represents the sixtieth percentile of funding for comparable institutions of higher education in the global challenge states, and 14 the progress toward that goal that was made for each of the public 15 institutions of higher education. 16

17 (((4))) <u>(5)</u> As used in this section, "global challenge states" are 18 the top performing states on the new economy index published by the 19 progressive policy institute as of July 22, 2007. The new economy 20 index ranks states on indicators of their potential to compete in the 21 new economy. At least once every five years, the office of financial 22 management shall determine if changes to the list of global challenge 23 states are appropriate. The office of financial management shall report its findings to the governor and the legislature. 24

25 (((5))) (6) During the 2009-10 and the 2010-11 academic years, 26 institutions of higher education shall include information on their 27 billing statements notifying students of tax credits available through 28 the American opportunity tax credit provided in the American recovery 29 and reinvestment act of 2009.

30 <u>NEW SECTION.</u> Sec. 3. A new section is added to chapter 28B.15 RCW 31 to read as follows:

(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 1 2 performance agreement with the committee on higher education The agreement shall include student data on financial aid 3 performance. 4 from institutional, tuition, and state sources, as well as student 5 demographics.

6 (2) For the 2012-13 academic year through the 2017-18 academic 7 year, each institution of higher education shall submit an annual 8 report on the negotiated performance agreement to the committee on 9 higher education performance. Demonstration of satisfactory progress 10 towards reaching performance outcomes, benchmarks, and goals is 11 required for approval by the committee on higher education performance. 12 Individual institutional performance contracts shall be six years in 13 duration and shall be developed by individual institutions in 14 cooperation with students, represented and nonrepresented faculty, staff, and institutional governing boards. 15

16 (3) The committee on higher education performance shall be composed 17 of:

18 (a) The director of the office of financial management or the19 director's designee;

(b) The executive director of the higher education coordinatingboard or the executive director's designee;

(c) The chair of the senate ways and means committee or the chair'sdesignee;

(d) The chair of the senate higher education and workforcedevelopment committee or the chair's designee;

26 (e) The chair of the house of representatives education 27 appropriations committee or the chair's designee;

(f) The chair of the house of representatives higher education committee or the chair's designee;

30 (g) The ranking member of the senate ways and means committee or 31 the ranking member's designee;

(h) The ranking member of the senate higher education and workforcedevelopment committee or the ranking member's designee;

(i) The ranking member of the house higher education committee orthe ranking member's designee; and

36 (j) The ranking member of the house education appropriations 37 committee or the ranking member's designee.

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(4) At a minimum, an individual institutional performance agreement
 shall include:

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

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

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

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

15 (5) This section is subject to the provisions of section 10 of this 16 act.

17 **Sec. 4.** RCW 28B.15.031 and 2003 c 232 s 2 are each amended to read 18 as follows:

The term "operating fees" as used in this chapter shall include the 19 20 fees, other than building fees, charged all students registering at the 21 state's colleges and universities but shall not include fees for short 22 courses, self-supporting degree credit programs and courses, marine 23 station work, experimental station work, correspondence or extension 24 courses, and individual instruction and student deposits or rentals, 25 disciplinary and library fines, which colleges and universities shall 26 have the right to impose, laboratory, gymnasium, health, technology and student activity fees, or fees, charges, rentals, and other income 27 derived from any or all revenue producing lands, buildings and 28 29 facilities of the colleges or universities heretofore or hereafter acquired, constructed or installed, including but not limited to income 30 31 from rooms, dormitories, dining rooms, hospitals, infirmaries, housing or student activity buildings, vehicular parking facilities, land, or 32 the appurtenances thereon, or such other special fees as may be 33 34 established by any college or university board of trustees or regents 35 from time to time. All moneys received as operating fees at any 36 institution of higher education shall be deposited in a local account 37 containing only operating fees revenue and related interest: PROVIDED,

1 That a minimum of three and one-half percent of operating fees shall be 2 retained by the institutions for the purposes of RCW 28B.15.820. The 3 amount of operating fees retained for the purposes of RCW 28B.15.820 4 shall be reduced by the amounts allocated under section 6 of this act. 5 Local operating fee accounts shall not be subject to appropriation by 6 the legislature or allotment procedures under chapter 43.88 RCW.

7 Sec. 5. RCW 28B.15.820 and 2009 c 215 s 9 are each amended to read 8 as follows:

(1) Each institution of higher education, including technical 9 colleges, shall deposit a minimum of three and one-half percent of 10 11 revenues collected from tuition and services and activities fees in an 12 institutional financial aid fund that is hereby created and which shall The amount of operating fees retained for the 13 be held locally. purposes of this section shall be reduced by the amounts allocated 14 under section 6 of this act. Moneys in the fund shall be used only for 15 16 the following purposes: (a) To make guaranteed long-term loans to 17 eligible students as provided in subsections (3) through (8) of this 18 section; (b) to make short-term loans as provided in subsection (9) of this section; (c) to provide financial aid to needy students as 19 20 provided in subsection (10) of this section; or (d) to provide 21 financial aid to students as provided in subsection (11) of this 22 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 28 29 section shall not exceed the demonstrated financial need of the 30 Each institution shall establish loan terms and conditions student. 31 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 32 amended. All loans made shall be guaranteed by the Washington student 33 loan guaranty association or its successor agency. 34 Institutions are 35 hereby granted full authority to operate as an eligible lender under 36 the guaranteed loan program.

(4) Before approving a guaranteed long-term loan, each institution 1 2 shall analyze the ability of the student to repay the loan based on factors which include, but are not limited to, the 3 student's 4 accumulated total education loan burdens and the employment opportunities and average starting salary characteristics of the 5 student's chosen fields of study. The institution shall counsel the 6 student on the advisability of acquiring additional debt, and on the 7 8 availability of other forms of financial aid.

9 (5) Each institution is responsible for collection of guaranteed long-term loans made under this section and shall exercise due 10 diligence in such collection, maintaining all necessary records to 11 12 insure that maximum repayments are made. Institutions shall cooperate 13 with other lenders and the Washington student loan guaranty association, or its successor agency, in the coordinated collection of 14 guaranteed loans, and shall assure that the guarantability of the loans 15 is not violated. Collection and servicing of guaranteed long-term 16 loans under this section shall be performed by entities approved for 17 18 such servicing by the Washington student loan guaranty association or 19 its successor agency: PROVIDED, That institutions be permitted to perform such servicing if specifically recognized to do so by the 20 21 Washington student loan guaranty association or its successor agency. 22 Collection and servicing of guaranteed long-term loans made by community colleges under subsection (1) of this section shall be 23 24 coordinated by the state board for community and technical colleges and shall be conducted under procedures adopted by the state board. 25

26 (6) Receipts from payment of interest or principal or any other 27 subsidies to which institutions as lenders are entitled, that are paid by or on behalf of borrowers of funds under subsections (3) through (8) 28 of this section, shall be deposited in each institution's financial aid 29 30 fund and shall be used to cover the costs of making the guaranteed long-term loans under this section and maintaining necessary records 31 and making collections under subsection (5) of this section: PROVIDED, 32 33 That such costs shall not exceed five percent of aggregate outstanding loan principal. Institutions shall maintain accurate records of such 34 35 costs, and all receipts beyond those necessary to pay such costs, shall 36 be deposited in the institution's financial aid fund.

37 (7) The governing boards of the state universities, the regional38 universities, and The Evergreen State College, and the state board for

1 community and technical colleges, on behalf of the community colleges
2 and technical colleges, shall each adopt necessary rules and
3 regulations to implement this section.

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

9 (9) Short-term loans, not to exceed one year, may be made from the institutional financial aid fund to students enrolled in the 10 institution. No such loan shall be made to any student who is known by 11 12 the institution to be in default or delinquent in the payment of any 13 outstanding student loan. A short-term loan may be made only if the 14 institution has ample evidence that the student has the capability of repaying the loan within the time frame specified by the institution 15 16 for repayment.

17 (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 18 by the institution for locally administered financial aid programs for 19 needy students, such as need-based institutional employment programs or 20 21 need-based tuition and fee scholarship or grant programs. These funds 22 shall be used in addition to and not to replace institutional funds 23 that would otherwise support these locally administered financial aid 24 First priority in the use of these funds shall be given to programs. needy students who have accumulated excessive educational loan burdens. 25 26 An excessive educational loan burden is a burden that will be difficult 27 to repay given employment opportunities and average starting salaries 28 in the student's chosen fields of study. Second priority in the use of 29 these funds shall be given to needy single parents, to assist these 30 students with their educational expenses, including expenses associated with child care and transportation. 31

(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 1 this fund may be used for all educational expenses related to a 2 student's participation in a dual credit program including but not 3 limited to tuition, fees, course materials, and transportation.

<u>NEW SECTION.</u> Sec. 6. A new section is added to chapter 28B.92 RCW
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:

10 (a) Students whose family incomes are at or below fifty percent of 11 the state's median family income shall receive a waiver equal to one 12 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 fulltime 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 twentyfive 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.

33 (c) If an institution's full-time tuition fees for resident 34 undergraduate students exceed thirteen and one-half percent of the 35 state's median family income for a family of four, then subsection 36 (1)(c) of this section also applies.

1 (d) If an institution's full-time tuition fees for resident 2 undergraduate students exceed eighteen percent of the state's median 3 family income for a family of four, then subsection (1)(d) of this 4 section also applies.

5 (3) The waivers required in subsection (1) of this section shall be 6 reduced by the amount of any state need grant and federal, state, and 7 institutional scholarships, grants, and waivers.

- 8 (4) A student's eligibility for waivers under this section shall be 9 contingent upon their filing of a free application for federal student 10 aid (FAFSA).
- (5) This section applies beginning with the 2011-12 academic year.
 (6) This section is subject to the provisions of section 10 of this act.

14 **Sec. 7.** RCW 28B.15.910 and 2008 c 188 s 3 are each amended to read 15 as follows:

16 (1) For the purpose of providing state general fund support to public institutions of higher education, except for revenue waived 17 18 under programs listed in subsections (3) and (4) of this section, and unless otherwise expressly provided in the omnibus state appropriations 19 20 act, the total amount of operating fees revenue waived, exempted, or 21 reduced by a state university, a regional university, The Evergreen 22 State College, or the community colleges as a whole, shall not exceed 23 the percentage of total gross authorized operating fees revenue in this subsection. As used in this section, "gross authorized operating fees 24 25 revenue" means the estimated gross operating fees revenue as estimated under RCW 82.33.020 or as revised by the office of financial 26 management, before granting any waivers. This limitation applies to 27 28 all tuition waiver programs established before or after July 1, 1992. 29 (a) University of Washington 21 percent 30 (b) Washington State University 20 percent 31 (c) Eastern Washington University 11 percent 32 (d) Central Washington University 10 percent

33 (e) Western Washington University

- 34(f) The Evergreen State College10 percent35(g) Community colleges as a whole35 percent
- 36 (2) The limitations in subsection (1) of this section apply to

10 percent

1 waivers, exemptions, or reductions in operating fees contained in the 2 following: 3 (a) RCW 28B.15.014; 4 (b) RCW 28B.15.100; (c) RCW 28B.15.225; 5 (d) RCW 28B.15.380; 6 (e) RCW 28B.15.520; 7 8 (f) RCW 28B.15.526; (g) RCW 28B.15.527; 9 (h) RCW 28B.15.543; 10 (i) RCW 28B.15.545; 11 12 (j) RCW 28B.15.555; 13 (k) RCW 28B.15.556; (1) RCW 28B.15.615; 14 (m) RCW 28B.15.621 (2) and (4); 15 (n) RCW 28B.15.730; 16 (o) RCW 28B.15.740; 17 (p) RCW 28B.15.750; 18 (q) RCW 28B.15.756; 19 (r) RCW 28B.50.259; and 20 21 (s) RCW 28B.70.050. 22 (3) The limitations in subsection (1) of this section do not apply to waivers, exemptions, or reductions in services and activities fees 23 24 contained in the following: (a) RCW 28B.15.522; 25 26 (b) RCW 28B.15.540; 27 (c) RCW 28B.15.558; ((and)) (d) RCW 28B.15.621(3); and 28 (e) Section 6 of this act. 29 (4) The total amount of operating fees revenue waived, exempted, or 30 reduced by institutions of higher education participating in the 31 32 western interstate commission for higher education western undergraduate exchange program under RCW 28B.15.544 shall not exceed 33 the percentage of total gross authorized operating fees revenue in this 34 35 subsection. 36 (a) Washington State University 1 percent 37 (b) Eastern Washington University 3 percent 3 percent

(5) The institutions of higher education will participate in 1 2 outreach activities to increase the number of veterans who receive Colleges and universities shall revise 3 tuition waivers. the application for admissions so that all applicants shall have the 4 opportunity to advise the institution that they are veterans who need 5 assistance. If a person indicates on the application for admissions б 7 that the person is a veteran who is in need of assistance, then the 8 institution of higher education shall ask the person whether they have any funds disbursed in accordance with the Montgomery GI Bill available 9 10 to them. Each institution shall encourage veterans to utilize funds available to them in accordance with the Montgomery GI Bill prior to 11 12 providing the veteran a tuition waiver.

13 NEW SECTION. Sec. 8. The following acts or parts of acts are each 14 repealed: (1) RCW 28B.10.920 (Performance agreements--Generally) and 2008 c 15 16 160 s 2; (2) RCW 28B.10.921 (Performance agreements--Contents) and 2008 c 17 160 s 3; and 18 28B.10.922 (Performance agreements--State committee--19 (3) RCW 20 Development of final proposals--Implementation--Updates) and 2008 c 160 21 s 4.

22 <u>NEW SECTION.</u> Sec. 9. Sections 3 and 6 of this act expire August 23 1, 2018.

24 <u>NEW SECTION.</u> Sec. 10. A new section is added to chapter 28B.15 25 RCW to read as follows:

Any provision of state law that refers to this section shall apply only in academic years during which the state student financial program in chapter 28B.92 RCW funds at least the same percentage of tuition fees for students with incomes less than seventy percent of the state's median family income as was actually covered by the program in academic year 2009-10.

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