

CERTIFICATION OF ENROLLMENT

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1795

Chapter 10, Laws of 2011

(partial veto)

62nd Legislature
2011 1st Special Session

HIGHER EDUCATION OPPORTUNITY ACT

EFFECTIVE DATE: 08/24/11 - Except section 26, which becomes effective 06/06/11.

Passed by the House May 9, 2011
Yeas 79 Nays 17

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate May 10, 2011
Yeas 32 Nays 13

BRAD OWEN

President of the Senate

Approved June 6, 2011, 12:00 p.m., with the exception of Sections 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, and 25 which are vetoed.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1795** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

June 7, 2011

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1795

Passed Legislature - 2011 1st Special Session

State of Washington 62nd Legislature 2011 1st Special Session

By House Ways & Means (originally sponsored by Representatives Carlyle, Seaquist, Haler, Reykdal, Rolfes, Probst, Morris, Sells, Pedersen, Jacks, Hudgins, Maxwell, and Frockt)

READ FIRST TIME 04/19/11.

1 AN ACT Relating to the higher education opportunity act; amending
2 RCW 28B.15.031, 28B.15.067, 28B.15.0681, 28B.15.068, 28B.76.270,
3 28B.92.060, 28A.600.310, 39.29.011, 43.19.1906, 43.88.160, 43.03.220,
4 43.03.230, 43.03.240, 43.03.250, and 43.03.265; amending 2010 c 3 ss
5 602, 603, and 604 (uncodified); amending 2010 1st sp.s. c 37 s 901
6 (uncodified); amending 2010 c 1 s 8 (uncodified); adding new sections
7 to chapter 28B.15 RCW; adding a new section to chapter 28B.10 RCW;
8 adding a new section to chapter 28B.50 RCW; adding a new section to
9 chapter 28B.76 RCW; adding a new section to chapter 44.28 RCW; creating
10 new sections; repealing RCW 28B.10.920, 28B.10.921, and 28B.10.922;
11 providing expiration dates; and declaring an emergency.

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

13 NEW SECTION. **Sec. 1.** (1) The legislature finds that in the
14 knowledge-based, globally interdependent economy of the twenty-first
15 century, postsecondary education is the most indispensable form of
16 currency. Public institutions of higher education are drivers of
17 economic growth and job creation and incubators for innovation. An
18 educated citizenry is a critical component of our democracy, and a
19 commitment to provide public funding for public higher education

1 institutions is imperative. At the same time, the legislature finds
2 that Washington state is experiencing a profound structural shift in
3 the funding of higher education. State support has declined
4 dramatically over the past twenty years, thereby necessitating
5 increases in tuition to supplant the support of higher education from
6 general taxpayers. The problem faced by all stakeholders - students
7 and their families, institutions, and policymakers - is a growing
8 reliance on tuition dollars and a reduced reliance on state support.
9 At the same time, there is insufficient visibility into the use of
10 locally retained tuition dollars. There is little transparency
11 regarding whether increasing tuition dollars gives students, their
12 families, and Washington taxpayers a high-value return on investment.
13 Responding to those concerns, and recognizing that tuition-setting
14 authority is interrelated to a wide variety of factors including state
15 funding, student aid, admissions, dual credit, educational
16 effectiveness, regulatory and reporting requirements, and other
17 policies and practices, this higher education opportunity act directs
18 a number of higher education system reforms.

19 (2) It is the intent of the legislature to:

20 (a) Ensure that tuition dollars are spent to improve student
21 access, affordability, and the quality of education;

22 (b) Establish a clear nexus between tuition dollars and improved
23 productivity and greater accountability of public institutions of
24 higher education;

25 (c) Create a modern and robust higher education financial system
26 that funds outcomes and results rather than input and process; and

27 (d) Continue a commitment to public funding of higher education
28 through state appropriations that are essential for providing access,
29 affordability, and quality in higher education for all students across
30 the state.

31 (3)(a) It is the intent of the legislature to set goals for four-
32 year institutions of higher education to increase the number of
33 students who earn baccalaureate degrees, while maintaining quality, and
34 achieve the following initial degree completion targets by 2018:

35 (i) Increasing the number of bachelor's degrees earned by
36 Washington's resident students from the 2009-10 academic year levels by
37 at least six thousand degrees completed or by twenty-seven percent;

1 (ii) Consistent with the priority for expanding the number of
2 enrollments and degrees in the fields of engineering, technology,
3 biotechnology, sciences, computer sciences, and mathematics, at least
4 two thousand of the additional degrees under this subsection (3)(a)
5 would be awarded in the areas of science, which includes agriculture
6 and natural resources, biology and biomedical sciences, computer and
7 information sciences, engineering and engineering technologies, health
8 professions and clinical sciences, mathematics and statistics, and
9 physical sciences and science technologies; and

10 (iii) Attaining parity in degree attainment for students from
11 underrepresented groups, which would mean that at least nineteen
12 percent of the degrees awarded would include students who are low-
13 income or are the first in their families to attend college.

14 (b) It is the intent of the legislature that the bachelor degree
15 completion targets in (a) of this subsection be updated every two years
16 based upon the state's changing population and economic needs and that
17 targets be set for five-year periods following the 2018 target.

18 (c) It is the intent of the legislature to urge four-year
19 institutions of higher education to place the highest priority on
20 achieving the degree completion targets under (a) of this subsection.
21 The legislature intends to examine the strategies used and progress
22 made by institutions of higher education to meet the targets in
23 addition to evidence of increased cost-effectiveness and efficiency.
24 The legislature recognizes that individual institutions develop their
25 campus goals recognizing the role of their campus as part of the system
26 of public higher education and may implement a variety of innovative
27 methods to achieve these goals.

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

30 The term "operating fees" as used in this chapter shall include the
31 fees, other than building fees, charged all students registering at the
32 state's colleges and universities but shall not include fees for short
33 courses, self-supporting degree credit programs and courses, marine
34 station work, experimental station work, correspondence or extension
35 courses, and individual instruction and student deposits or rentals,
36 disciplinary and library fines, which colleges and universities shall
37 have the right to impose, laboratory, gymnasium, health, technology and

1 student activity fees, or fees, charges, rentals, and other income
2 derived from any or all revenue producing lands, buildings and
3 facilities of the colleges or universities heretofore or hereafter
4 acquired, constructed or installed, including but not limited to income
5 from rooms, dormitories, dining rooms, hospitals, infirmaries, housing
6 or student activity buildings, vehicular parking facilities, land, or
7 the appurtenances thereon, or such other special fees as may be
8 established by any college or university board of trustees or regents
9 from time to time. All moneys received as operating fees at any
10 institution of higher education shall be deposited in a local account
11 containing only operating fees revenue and related interest: PROVIDED,
12 That a minimum of (~~three and one-half~~) five percent of operating fees
13 shall be retained by the four-year institutions of higher education
14 that increase tuition for resident undergraduate students above assumed
15 tuition increases in the omnibus appropriations act, a minimum of four
16 percent of operating fees shall be retained by four-year institutions
17 of higher education that do not increase tuition for resident
18 undergraduates above assumed increases in the omnibus appropriations
19 act, and a minimum of three and one-half percent of operating fees
20 shall be retained by the community and technical colleges for the
21 purposes of RCW 28B.15.820. At least thirty percent of operating fees
22 required to be retained by the four-year institutions for purposes of
23 RCW 28B.15.820 shall be used only for the purposes of RCW
24 28B.15.820(10). Local operating fee accounts shall not be subject to
25 appropriation by the legislature or allotment procedures under chapter
26 43.88 RCW.

27 **Sec. 3.** RCW 28B.15.067 and 2010 c 20 s 7 are each amended to read
28 as follows:

29 (1) Tuition fees shall be established under the provisions of this
30 chapter.

31 (2) (~~Beginning with the 2003-04 academic year and ending with the~~
32 ~~2012-13 academic year, reductions or increases in full-time tuition~~
33 ~~fees for resident undergraduates shall be as provided in the omnibus~~
34 ~~appropriations act~~) Beginning in the 2011-12 academic year, reductions
35 or increases in full-time tuition fees shall be as provided in the
36 omnibus appropriations act for resident undergraduate students at
37 community and technical colleges. The governing boards of the state

1 universities, regional universities, and The Evergreen State College;
2 and the state board for community and technical colleges may reduce or
3 increase full-time tuition fees for all students other than resident
4 undergraduates, including nonresident students, summer school students,
5 and students in other self-supporting degree programs. Percentage
6 increases in full-time tuition may exceed the fiscal growth factor.
7 The state board for community and technical colleges may pilot or
8 institute differential tuition models. The board may define scale,
9 scope, and rationale for the models.

10 (3)(a) Beginning with the ~~((2003-04))~~ 2011-12 academic year and
11 ~~((ending with the 2012-13))~~ through the end of the 2014-15 academic
12 year, the governing boards of the state universities, the regional
13 universities, and The Evergreen State College~~((, and the state board~~
14 ~~for community and technical colleges))~~ may reduce or increase full-time
15 tuition fees for all students ~~((other than resident undergraduates))~~,
16 including summer school students and students in other self-supporting
17 degree programs. Percentage increases in full-time tuition fees may
18 exceed the fiscal growth factor. Reductions or increases may be made
19 for all or portions of an institution's programs, campuses, courses, or
20 students.

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

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

1 ~~(4) ((Academic year tuition for full-time students at the state's~~
2 ~~institutions of higher education beginning with 2015-16, other than~~
3 ~~summer term, shall be as charged during the 2014-15 academic year~~
4 ~~unless different rates are adopted by the legislature)) Beginning with~~
5 ~~the 2015-16 academic year through the 2018-19 academic year, the~~
6 ~~governing boards of the state universities, regional universities, and~~
7 ~~The Evergreen State College may set tuition for resident undergraduates~~
8 ~~as follows:~~

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

13 (b) If state funding for a college or university is at least at the
14 level of state funding provided in the operating budget for fiscal year
15 2011, the governing board may increase tuition up to the limits set in
16 (d) of this subsection and shall continue to at least maintain the
17 actual enrollment levels for fiscal year 2011 or increase enrollments
18 as required in the omnibus appropriations act; and

19 (c) If state funding is increased so that combined with resident
20 undergraduate tuition the sixtieth percentile of the total per-student
21 funding at similar public institutions of higher education in the
22 global challenge states under RCW 28B.15.068 is exceeded, the governing
23 board shall decrease tuition by the amount needed for the total per-
24 student funding to be at the sixtieth percentile under RCW 28B.15.068.

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

29 (5) The tuition fees established under this chapter shall not apply
30 to high school students enrolling in participating institutions of
31 higher education under RCW 28A.600.300 through 28A.600.400.

32 (6) The tuition fees established under this chapter shall not apply
33 to eligible students enrolling in a dropout reengagement program
34 through an interlocal agreement between a school district and a
35 community or technical college under RCW 28A.175.100 through
36 28A.175.110.

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

1 to eligible students enrolling in a community or technical college
2 participating in the pilot program under RCW 28B.50.534 for the purpose
3 of obtaining a high school diploma.

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

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

15 ~~(10) Any tuition increases above seven percent shall fund costs of~~
16 ~~instruction, library and student services, utilities and maintenance,~~
17 ~~other costs related to instruction as well as institutional financial~~
18 ~~aid. Through 2010-11, any funding reductions to instruction, library~~
19 ~~and student services, utilities and maintenance and other costs related~~
20 ~~to instruction shall be proportionally less than other program areas~~
21 ~~including administration)) Beginning in the 2019-20 academic year,~~
22 ~~reductions or increases in full-time tuition fees for resident~~
23 ~~undergraduates at four-year institutions of higher education shall be~~
24 ~~as provided in the omnibus appropriations act.~~

25 **Sec. 4.** RCW 28B.15.0681 and 2009 c 215 s 6 are each amended to
26 read as follows:

27 (1) In addition to the requirement in RCW 28B.76.300(4),
28 institutions of higher education shall disclose to their undergraduate
29 resident students on the tuition billing statement, in dollar figures
30 for a full-time equivalent student:

31 (a) The full cost of instruction;

32 (b) The amount collected from student tuition and fees; and

33 (c) The difference between the amounts for the full cost of
34 instruction and the student tuition and fees.

35 (2) The tuition billing statement shall note that the difference
36 between the cost and tuition under subsection (1)(c) of this section
37 was paid by state tax funds and other moneys.

1 (3) Beginning in the 2010-11 academic year, the amount determined
2 in subsection (1)(c) of this section shall be labeled an "opportunity
3 pathway" on the tuition billing statement.

4 (4) Beginning in the 2010-11 academic year, institutions of higher
5 education shall label financial aid awarded to resident undergraduate
6 students as an "opportunity pathway" on the tuition billing statement
7 or financial aid award notification. Aid granted to students outside
8 of the financial aid package provided through the institution of higher
9 education and loans provided by the federal government are not subject
10 to the labeling provisions in this subsection. All other aid from all
11 sources including federal, state, and local governments, local
12 communities, nonprofit and for-profit organizations, and institutions
13 of higher education must be included. The disclosure requirements
14 specified in this section do not change the source, award amount,
15 student eligibility, or student obligations associated with each award.
16 Institutions of higher education retain the ability to customize their
17 tuition billing statements to inform students of the assistance source,
18 amount, and type so long as provisions of this section are also
19 fulfilled.

20 (5) Institutions of higher education shall provide the following
21 information to all undergraduate resident students either on the
22 tuition billing statement or via a link to a web site detailing the
23 following information:

24 (a) The sources of all institutional revenue received during the
25 prior academic or fiscal year, including but not limited to state,
26 federal, local, and private sources;

27 (b) The uses of tuition revenue collected during the prior academic
28 or fiscal year by program category as determined by the office of
29 financial management; and

30 (c) The accountability and performance data under RCW 28B.76.270.

31 (6) The tuition billing statement disclosures shall be in twelve-
32 point type and boldface type where appropriate.

33 ((+6+)) (7) All tuition billing statements or financial aid award
34 notifications at institutions of higher education must notify resident
35 undergraduate students of federal tax credits related to higher
36 education for which they may be eligible.

1 NEW SECTION. **Sec. 5.** A new section is added to chapter 28B.15 RCW
2 to read as follows:

3 (1) To ensure institutional quality, promote access, and advance
4 the public mission of the state universities, the regional
5 universities, and The Evergreen State College, the authority to
6 increase or decrease tuition rates shall be considered within the
7 context of performance-based measures and goals for each state
8 university, regional university, and The Evergreen State College. By
9 September 1, 2011, and September 1st every two years thereafter, the
10 state universities, the regional universities, and The Evergreen State
11 College shall each negotiate an institutional performance plan with the
12 office of financial management that includes expected outcomes that
13 must be achieved by each institution in the subsequent biennium.

14 (2) At a minimum, an individual institutional performance plan must
15 include but is not limited to the following expected outcomes:

16 (a) Time and credits to degree;

17 (b) Retention and success of students from low-income, diverse, or
18 underrepresented communities;

19 (c) Baccalaureate degree production for resident students; and

20 (d) Degree production in high-employer demand programs of study and
21 critical state need areas.

22 NEW SECTION. **Sec. 6.** A new section is added to chapter 28B.15 RCW
23 to read as follows:

24 (1) Beginning with the 2011-12 academic year, any four-year
25 institution of higher education that increases tuition beyond levels
26 assumed in the omnibus appropriations act is subject to the financial
27 aid requirements included in this section and shall remain subject to
28 these requirements through the 2018-19 academic year.

29 (2) Beginning July 1, 2011, each four-year institution of higher
30 education that raises tuition beyond levels assumed in the omnibus
31 appropriations act shall, in a manner consistent with the goal of
32 enhancing the quality of and access to their institutions, provide
33 financial aid to offset full-time tuition fees for resident
34 undergraduate students as follows:

35 (a) Subtract from the full-time tuition fees an amount that is
36 equal to the maximum amount of a state need grant award that would be

1 given to an eligible student with a family income at or below fifty
2 percent of the state's median family income as determined by the higher
3 education coordinating board; and

4 (b) Offset the remainder as follows:

5 (i) Students with demonstrated need whose family incomes are at or
6 below fifty percent of the state's median family income shall receive
7 financial aid equal to one hundred percent of the remainder if an
8 institution's full-time tuition fees for resident undergraduate
9 students is five percent or greater of the state's median family income
10 for a family of four as provided by the higher education coordinating
11 board;

12 (ii) Students with demonstrated need whose family incomes are
13 greater than fifty percent and no more than seventy percent of the
14 state's median family income shall receive financial aid equal to
15 seventy-five percent of the remainder if an institution's full-time
16 tuition fees for resident undergraduate students is ten percent or
17 greater of the state's median family income for a family of four as
18 provided by the higher education coordinating board;

19 (iii) Students with demonstrated need whose family incomes exceed
20 seventy percent and are less than one hundred percent of the state's
21 median family income shall receive financial aid equal to fifty percent
22 of the remainder if an institution's full-time tuition fees for
23 resident undergraduate students is fifteen percent or greater of the
24 state's median family income for a family of four as provided by the
25 higher education coordinating board; and

26 (iv) Students with demonstrated need whose family incomes are at or
27 exceed one hundred percent and are no more than one hundred twenty-five
28 percent of the state's median family income shall receive financial aid
29 equal to twenty-five percent of the remainder if an institution's
30 full-time tuition fees for resident undergraduate students is twenty
31 percent or greater of the state's median family income for a family of
32 four as provided by the higher education coordinating board.

33 (3) The financial aid required in subsection (2) of this section
34 shall:

35 (a) Be reduced by the amount of other financial aid awards, not
36 including the state need grant;

37 (b) Be prorated based on credit load; and

38 (c) Only be provided to students up to demonstrated need.

1 (4) Financial aid sources and methods may be:

2 (a) Tuition revenue or locally held funds;

3 (b) Tuition waivers created by a four-year institution of higher
4 education for the specific purpose of serving low and middle-income
5 students; or

6 (c) Local financial aid programs.

7 (5) Use of tuition waivers as specified in subsection (4)(b) of
8 this section shall not be included in determining total state tuition
9 waiver authority as defined in RCW 28B.15.910.

10 (6) By August 15, 2012, and August 15th every year thereafter,
11 four-year institutions of higher education shall report to the governor
12 and relevant committees of the legislature on the effectiveness of the
13 various sources and methods of financial aid in mitigating tuition
14 increases. A key purpose of these reports is to provide information
15 regarding the results of the decision to grant tuition-setting
16 authority to the four-year institutions of higher education and whether
17 tuition setting authority should continue to be granted to the
18 institutions or revert back to the legislature after consideration of
19 the impacts on students, including educational access, affordability,
20 and quality. These reports shall include:

21 (a) The amount of additional financial aid provided to middle-
22 income and low-income students with demonstrated need in the aggregate
23 and per student;

24 (b) An itemization of the sources and methods of financial aid
25 provided by the four-year institution of higher education in the
26 aggregate and per student;

27 (c) An analysis of the combined impact of federal tuition tax
28 credits and financial aid provided by the institution of higher
29 education on the net cost to students and their families resulting from
30 tuition increases;

31 (d) In cases where tuition increases are greater than those assumed
32 in the omnibus appropriations act at any four-year institution of
33 higher education, the institution must include an explanation in its
34 report of why this increase was necessary and how the institution will
35 mitigate the effects of the increase. The institution must include in
36 this section of its report a plan and specific timelines; and

37 (e) An analysis of changes in resident student enrollment patterns,
38 participation rates, graduation rates, and debt load, by race and

1 ethnicity, gender, state and county of origin, age, and socioeconomic
2 status, and a plan to mitigate effects of reduced diversity due to
3 tuition increases. This analysis shall include disaggregated data for
4 resident students in the following income brackets:

5 (i) Up to seventy percent of the median family income;

6 (ii) Between seventy-one percent and one hundred twenty-five
7 percent of the median family income; and

8 (iii) Above one hundred twenty-five percent of the median family
9 income.

10 (7) Beginning in the 2012-13 academic year, the University of
11 Washington shall enroll during each academic year at least the same
12 number of resident freshman undergraduate students at the Seattle
13 campus, as defined in RCW 28B.15.012, as enrolled during the 2009-10
14 academic year. This requirement shall not apply to nonresident
15 undergraduate and graduate and professional students.

16 **Sec. 7.** RCW 28B.15.068 and 2009 c 540 s 1 are each amended to read
17 as follows:

18 ~~(1) ((Beginning with the 2007-08 academic year and ending with the~~
19 ~~2016-17 academic year, - tuition fees charged to full-time resident~~
20 ~~undergraduate students, except in academic years 2009-10 and 2010-11,~~
21 ~~may increase no greater than seven percent over the previous academic~~
22 ~~year in any institution of higher education. Annual reductions or~~
23 ~~increases in full-time tuition fees for resident undergraduate students~~
24 ~~shall be as provided in the omnibus appropriations act, within the~~
25 ~~seven percent increase limit established in this section. For academic~~
26 ~~years 2009-10 and 2010-11 the omnibus appropriations act may provide~~
27 ~~tuition increases greater than seven percent. To the extent that state~~
28 ~~appropriations combined with tuition and fee revenues are insufficient~~
29 ~~to achieve the total per student funding goals established in~~
30 ~~subsection (2) of this section, the legislature may revisit state~~
31 ~~appropriations, authorized enrollment levels, and changes in tuition~~
32 ~~fees for any given fiscal year.~~

33 ~~(2) The state shall adopt as its goal total per student funding~~
34 ~~levels, from state appropriations plus tuition and fees, of at least~~
35 ~~the sixtieth percentile of total per student funding at similar public~~
36 ~~institutions of higher education in the global challenge states. In~~
37 ~~defining comparable per student funding levels, the office of financial~~

1 management shall adjust for regional cost of living differences; for
2 differences in program offerings and in the relative mix of lower
3 division, upper division, and graduate students; and for accounting and
4 reporting differences among the comparison institutions. The office of
5 financial management shall develop a funding trajectory for each four-
6 year institution of higher education and for the community and
7 technical college system as a whole that when combined with tuition and
8 fees revenue allows the state to achieve its funding goal for each
9 four year institution and the community and technical college system as
10 a whole no later than fiscal year 2017. The state shall not reduce
11 enrollment levels below fiscal year 2007 budgeted levels in order to
12 improve or alter the per student funding amount at any four year
13 institution of higher education or the community and technical college
14 system as a whole. The state recognizes that each four year
15 institution of higher education and the community and technical college
16 system as a whole have different funding requirements to achieve
17 desired performance levels, and that increases to the total per student
18 funding amount may need to exceed the minimum funding goal.

19 ~~(3)~~) By September 1st of each year beginning in ~~((2008))~~ 2011, the
20 office of financial management shall report to the governor, the higher
21 education coordinating board, and appropriate committees of the
22 legislature with updated estimates of:

23 (a) The total per-student funding level that represents the
24 sixtieth percentile of funding for ~~((comparable))~~ similar institutions
25 of higher education in the global challenge states~~((, and the progress~~
26 toward that goal that was made for each of the public institutions of
27 higher education)); and

28 (b) The tuition that represents the sixtieth percentile of resident
29 undergraduate tuition for similar institutions of higher education in
30 the global challenge states.

31 ~~((4))~~ (2) As used in this section, "global challenge states" are
32 the top performing states on the new economy index published by the
33 progressive policy institute as of July 22, 2007. The new economy
34 index ranks states on indicators of their potential to compete in the
35 new economy. At least once every five years, the office of financial
36 management shall determine if changes to the list of global challenge
37 states are appropriate. The office of financial management shall
38 report its findings to the governor and the legislature.

1 ~~((5) — During — the — 2009–10 — and — the — 2010–11 — academic — years,~~
2 ~~institutions of higher education shall include information on their~~
3 ~~billing statements notifying students of tax credits available through~~
4 ~~the American opportunity tax credit provided in the American recovery~~
5 ~~and reinvestment act of 2009.)~~ (3) Institutions of higher education,
6 in collaboration with relevant student associations, shall aim to have
7 all students who can benefit from available tax credits that mitigate
8 the costs of higher education take advantage of these opportunities.
9 These tax credits include the American opportunity tax credit provided
10 in the American recovery and reinvestment act of 2009, the lifetime
11 learning credit, and other relevant tax credits for as long as they are
12 available.

13 (4)(a) Institutions shall make every effort to communicate to
14 students and their families the benefits of such tax credits and
15 provide assistance to students and their families on how 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, online
21 catalogues, admission and registration forms, mass email messaging,
22 social media, and outside marketing to ensure information about
23 relevant tax credits is visible and compelling, and reaches the maximum
24 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 section 6 of this act for the purpose of minimizing, to the greatest
30 extent 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 no
37 later than ninety days after any such change to the American
38 opportunity tax credit.

1 **Sec. 8.** RCW 28B.76.270 and 2004 c 275 s 11 are each amended to
2 read as follows:

3 (1) The board shall establish an accountability monitoring and
4 reporting system as part of a continuing effort to make meaningful and
5 substantial progress towards the achievement of long-term performance
6 goals in higher education.

7 (2) To provide consistent, easily understood data among the public
8 four-year institutions of higher education within Washington and in
9 other states, the following data must be reported annually by December
10 1st, and at a minimum include data recommended by a national
11 organization representing state chief executives. The board may change
12 the data requirements to be consistent with best practices across the
13 country. This data must, to the maximum extent possible, be
14 disaggregated by race and ethnicity, gender, state and county of
15 origin, age, and socioeconomic status, and include the following for
16 the four-year institutions of higher education:

17 (a) Bachelor's degrees awarded;

18 (b) Graduate and professional degrees awarded;

19 (c) Graduation rates: The number and percentage of students who
20 graduate within four years for bachelor's degrees and within the
21 extended time, which is six years for bachelor's degrees;

22 (d) Transfer rates: The annual number and percentage of students
23 who transfer from a two-year to a four-year institution of higher
24 education;

25 (e) Time and credits to degree: The average length of time in
26 years and average number of credits that graduating students took to
27 earn a bachelor's degree;

28 (f) Enrollment in remedial education: The number and percentage of
29 entering first-time undergraduate students who place into and enroll in
30 remedial mathematics, English, or both;

31 (g) Success beyond remedial education: The number and percentage
32 of entering first-time undergraduate students who complete entry
33 college-level math and English courses within the first two consecutive
34 academic years;

35 (h) Credit accumulation: The number and percentage of first-time
36 undergraduate students completing two quarters or one semester worth of
37 credit during their first academic year;

1 (i) Retention rates: The number and percentage of entering
2 undergraduate students who enroll consecutively from fall-to-spring and
3 fall-to-fall at an institution of higher education;

4 (j) Course completion: The percentage of credit hours completed
5 out of those attempted during an academic year;

6 (k) Program participation and degree completion rates in bachelor
7 and advanced degree programs in the sciences, which includes
8 agriculture and natural resources, biology and biomedical sciences,
9 computer and information sciences, engineering and engineering
10 technologies, health professions and clinical sciences, mathematics and
11 statistics, and physical sciences and science technologies, including
12 participation and degree completion rates for students from
13 traditionally underrepresented populations;

14 (l) Annual enrollment: Annual unduplicated number of students
15 enrolled over a twelve-month period at institutions of higher education
16 including by student level;

17 (m) Annual first-time enrollment: Total first-time students
18 enrolled in a four-year institution of higher education;

19 (n) Completion ratio: Annual ratio of undergraduate and graduate
20 degrees and certificates, of at least one year in expected length,
21 awarded per one hundred full-time equivalent undergraduate students at
22 the state level;

23 (o) Market penetration: Annual ratio of undergraduate and graduate
24 degrees and certificates, of at least one year in program length,
25 awarded relative to the state's population age eighteen to twenty-four
26 years old with a high school diploma;

27 (p) Student debt load: Median three-year distribution of debt
28 load, excluding private loans or debts incurred before coming to the
29 institution;

30 (q) Data related to enrollment, completion rates, participation
31 rates, and debt load shall be disaggregated for students in the
32 following income brackets to the maximum extent possible:

33 (i) Up to seventy percent of the median family income;

34 (ii) Between seventy-one percent and one hundred twenty-five
35 percent of the median family income; and

36 (iii) Above one hundred twenty-five percent of the median family
37 income; and

1 (r) Yearly percentage increases in the average cost of
2 undergraduate instruction.

3 (3) Four-year institutions of higher education must count all
4 students when collecting data, not only first-time, full-time freshmen.

5 (4) Based on guidelines prepared by the board, each four-year
6 institution and the state board for community and technical colleges
7 shall submit a biennial plan to achieve measurable and specific
8 improvements each academic year on statewide and institution-specific
9 performance measures. Plans shall be submitted to the board along with
10 the biennial budget requests from the institutions and the state board
11 for community and technical colleges. Performance measures established
12 for the community and technical colleges shall reflect the role and
13 mission of the colleges.

14 ((+3)) (5) The board shall approve biennial performance targets
15 for each four-year institution and for the community and technical
16 college system and shall review actual achievements annually. The
17 state board for community and technical colleges shall set biennial
18 performance targets for each college or district, where appropriate.

19 ((+4)) (6) The board shall submit a report on progress towards the
20 statewide goals, with recommendations for the ensuing biennium, to the
21 fiscal and higher education committees of the legislature along with
22 the board's biennial budget recommendations.

23 ((+5)) (7) The board, in collaboration with the four-year
24 institutions and the state board for community and technical colleges,
25 shall periodically review and update the accountability monitoring and
26 reporting system.

27 ((+6)) (8) The board shall develop measurable indicators and
28 benchmarks for its own performance regarding cost, quantity, quality,
29 and timeliness and including the performance of committees and advisory
30 groups convened under this chapter to accomplish such tasks as
31 improving transfer and articulation, improving articulation with the K-
32 12 education system, measuring educational costs, or developing data
33 protocols. The board shall submit its accountability plan to the
34 legislature concurrently with the biennial report on institution
35 progress.

36 (9) In conjunction with the office of financial management, all
37 four-year institutions of higher education must display the data
38 described in subsection (2) of this section in a uniform dashboard

1 format on the office of financial management's web site no later than
2 December 1, 2011, and updated thereafter annually by December 1st. To
3 the maximum extent possible, the information must be viewable by race
4 and ethnicity, gender, state and county of origin, age, and
5 socioeconomic status. The information may be tailored to meet the
6 needs of various target audiences such as students, researchers, and
7 the general public.

8 **Sec. 9.** RCW 28B.92.060 and 2009 c 215 s 4 are each amended to read
9 as follows:

10 In awarding need grants, the board shall proceed substantially as
11 follows: PROVIDED, That nothing contained herein shall be construed to
12 prevent the board, in the exercise of its sound discretion, from
13 following another procedure when the best interest of the program so
14 dictates:

15 (1) The board shall annually select the financial aid award
16 recipients from among Washington residents applying for student
17 financial aid who have been ranked according to:

18 (a) Financial need as determined by the amount of the family
19 contribution; and

20 (b) Other considerations, such as whether the student is a former
21 foster youth, or is a placebound student who has completed an associate
22 of arts or associate of science degree or its equivalent.

23 (2) The financial need of the highest ranked students shall be met
24 by grants depending upon the evaluation of financial need until the
25 total allocation has been disbursed. Funds from grants which are
26 declined, forfeited or otherwise unused shall be reawarded until
27 disbursed, except that eligible former foster youth shall be assured
28 receipt of a grant. The board, in consultation with four-year
29 institutions of higher education, and the state board for community and
30 technical colleges, shall develop award criteria and methods of
31 disbursement based on level of need, and not solely rely on a first-
32 come, first-served basis.

33 (3) A student shall be eligible to receive a state need grant for
34 up to five years, or the credit or clock hour equivalent of five years,
35 or up to one hundred twenty-five percent of the published length of
36 time of the student's program. A student may not start a new associate
37 degree program as a state need grant recipient until at least five

1 years have elapsed since earning an associate degree as a need grant
2 recipient, except that a student may earn two associate degrees
3 concurrently. Qualifications for renewal will include maintaining
4 satisfactory academic progress toward completion of an eligible program
5 as determined by the board. Should the recipient terminate his or her
6 enrollment for any reason during the academic year, the unused portion
7 of the grant shall be returned to the state educational grant fund by
8 the institution according to the institution's own policy for issuing
9 refunds, except as provided in RCW 28B.92.070.

10 (4) In computing financial need, the board shall determine a
11 maximum student expense budget allowance, not to exceed an amount equal
12 to the total maximum student expense budget at the public institutions
13 plus the current average state appropriation per student for operating
14 expense in the public institutions. Any child support payments
15 received by students who are parents attending less than half-time
16 shall not be used in computing financial need.

17 (5)(a) A student who is enrolled in three to six credit-bearing
18 quarter credits, or the equivalent semester credits, may receive a
19 grant for up to one academic year before beginning a program that leads
20 to a degree or certificate.

21 (b) An eligible student enrolled on a less-than-full-time basis
22 shall receive a prorated portion of his or her state need grant for any
23 academic period in which he or she is enrolled on a less-than-full-time
24 basis, as long as funds are available.

25 (c) An institution of higher education may award a state need grant
26 to an eligible student enrolled in three to six credit-bearing quarter
27 credits, or the semester equivalent, on a provisional basis if:

28 (i) The student has not previously received a state need grant from
29 that institution;

30 (ii) The student completes the required free application for
31 federal student aid;

32 (iii) The institution has reviewed the student's financial
33 condition, and the financial condition of the student's family if the
34 student is a dependent student, and has determined that the student is
35 likely eligible for a state need grant; and

36 (iv) The student has signed a document attesting to the fact that
37 the financial information provided on the free application for federal
38 student aid and any additional financial information provided directly

1 to the institution is accurate and complete, and that the student
2 agrees to repay the institution for the grant amount if the student
3 submitted false or incomplete information.

4 (6) As used in this section, "former foster youth" means a person
5 who is at least eighteen years of age, but not more than twenty-four
6 years of age, who was a dependent of the department of social and
7 health services at the time he or she attained the age of eighteen.

8 **Sec. 10.** RCW 28A.600.310 and 2009 c 450 s 8 are each amended to
9 read as follows:

10 (1) Eleventh and twelfth grade students or students who have not
11 yet received the credits required for the award of a high school
12 diploma and are eligible to be in the eleventh or twelfth grades may
13 apply to a participating institution of higher education to enroll in
14 courses or programs offered by the institution of higher education. A
15 student receiving home-based instruction enrolling in a public high
16 school for the sole purpose of participating in courses or programs
17 offered by institutions of higher education shall not be counted by the
18 school district in any required state or federal accountability
19 reporting if the student's parents or guardians filed a declaration of
20 intent to provide home-based instruction and the student received home-
21 based instruction during the school year before the school year in
22 which the student intends to participate in courses or programs offered
23 by the institution of higher education. Students receiving home-based
24 instruction under chapter 28A.200 RCW and students attending private
25 schools approved under chapter 28A.195 RCW shall not be required to
26 meet the student learning goals, obtain a certificate of academic
27 achievement or a certificate of individual achievement to graduate from
28 high school, or to master the essential academic learning requirements.
29 However, students are eligible to enroll in courses or programs in
30 participating universities only if the board of directors of the
31 student's school district has decided to participate in the program.
32 Participating institutions of higher education, in consultation with
33 school districts, may establish admission standards for these students.
34 If the institution of higher education accepts a secondary school pupil
35 for enrollment under this section, the institution of higher education
36 shall send written notice to the pupil and the pupil's school district

1 within ten days of acceptance. The notice shall indicate the course
2 and hours of enrollment for that pupil.

3 (2)(a) In lieu of tuition and fees, as defined in RCW 28B.15.020
4 and 28B.15.041((7)):

5 (i) Running start students shall pay to the community or technical
6 college all other mandatory fees as established by each community or
7 technical college and, in addition, the state board for community and
8 technical colleges may authorize a fee of up to ten percent of tuition
9 and fees as defined in RCW 28B.15.020 and 28B.15.041; and

10 (ii) All other institutions of higher education operating a running
11 start program may charge running start students a fee of up to ten
12 percent of tuition and fees as defined in RCW 28B.15.020 and 28B.15.041
13 in addition to technology fees.

14 (b) The fees charged under this subsection (2) shall be prorated
15 based on credit load.

16 (3)(a) The institutions of higher education must make available fee
17 waivers for low-income running start students. Each institution must
18 establish a written policy for the determination of low-income students
19 before offering the fee waiver. A student shall be considered low
20 income and eligible for a fee waiver upon proof that the student is
21 currently qualified to receive free or reduced-price lunch. Acceptable
22 documentation of low-income status may also include, but is not limited
23 to, documentation that a student has been deemed eligible for free or
24 reduced-price lunches in the last five years, or other criteria
25 established in the institution's policy.

26 (b) Institutions of higher education, in collaboration with
27 relevant student associations, shall aim to have students who can
28 benefit from fee waivers take advantage of these waivers. Institutions
29 shall make every effort to communicate to students and their families
30 the benefits of the waivers and provide assistance to students and
31 their families on how to apply. Information about waivers shall, to
32 the greatest extent possible, be incorporated into financial aid
33 counseling, admission information, and individual billing statements.
34 Institutions also shall, to the greatest extent possible, use all means
35 of communication, including but not limited to web sites, online
36 catalogues, admission and registration forms, mass e-mail messaging,
37 social media, and outside marketing to ensure that information about

1 waivers is visible, compelling, and reaches the maximum number of
2 students and families that can benefit.

3 (4) The pupil's school district shall transmit to the institution
4 of higher education an amount per each full-time equivalent college
5 student at statewide uniform rates for vocational and nonvocational
6 students. The superintendent of public instruction shall separately
7 calculate and allocate moneys appropriated for basic education under
8 RCW 28A.150.260 to school districts for purposes of making such
9 payments and for granting school districts seven percent thereof to
10 offset program related costs. The calculations and allocations shall
11 be based upon the estimated statewide annual average per full-time
12 equivalent high school student allocations under RCW 28A.150.260,
13 excluding small high school enhancements, and applicable rules adopted
14 under chapter 34.05 RCW. The superintendent of public instruction, the
15 higher education coordinating board, and the state board for community
16 and technical colleges shall consult on the calculation and
17 distribution of the funds. The funds received by the institution of
18 higher education from the school district shall not be deemed tuition
19 or operating fees and may be retained by the institution of higher
20 education. A student enrolled under this subsection shall be counted
21 for the purpose of meeting enrollment targets in accordance with terms
22 and conditions specified in the omnibus appropriations act.

23 (5) The state board for community and technical colleges, in
24 collaboration with the other institutions of higher education that
25 participate in the running start program and the office of the
26 superintendent of public instruction, shall identify, assess, and
27 report on alternatives for providing ongoing and adequate financial
28 support for the program. Such alternatives shall include but are not
29 limited to student tuition, increased support from local school
30 districts, and reallocation of existing state financial support among
31 the community and technical college system to account for differential
32 running start enrollment levels and impacts. The state board for
33 community and technical colleges shall report the assessment of
34 alternatives to the governor and to the appropriate fiscal and policy
35 committees of the legislature by September 1, 2010.

36 NEW SECTION. **Sec. 11.** A new section is added to chapter 28B.10
37 RCW to read as follows:

1 (1) A graduate of a community or technical college in this state
2 who has earned a transferable associate of arts or sciences degree when
3 admitted to a four-year institution of higher education shall have
4 junior standing. A graduate who has earned the direct transfer
5 associate of arts degree will be deemed to have met the lower division
6 general education requirements of the receiving four-year institution
7 of higher education. A graduate who has earned the associate of
8 science transfer degree will be deemed to have met most requirements
9 that prepare the graduate for baccalaureate degree majors in science,
10 technology, engineering, and math and will be required to complete only
11 such additional lower division, general education courses at the
12 receiving four-year institutions of higher education as would have been
13 required to complete the direct transfer associate of arts degree.

14 (2) A student who has earned the equivalent of ninety quarter
15 credit hours and has completed the general education requirements at
16 that four-year institution of higher education in Washington when
17 admitted to another four-year institution of higher education shall
18 have junior standing and shall be deemed to have met the lower division
19 general education requirements of the institution to which the student
20 transfers.

21 (3) The community and technical colleges, jointly with the four-
22 year institutions of higher education, must develop a list of academic
23 courses that are equivalent to one-year's worth of general education
24 credit and that would transfer for that purpose to any other two or
25 four-year institution of higher education. If a student completes one-
26 year's worth of general education credits, the student may be issued a
27 one-year academic completion certificate. This certificate shall be
28 accepted at any transferring two or four-year institution of higher
29 education.

30 (4) Each institution of higher education must develop a minimum of
31 one degree within the arts and sciences disciplines that can be
32 completed within the equivalent of ninety quarter upper division
33 credits by any student who enters an institution of higher education
34 with junior status and lower division general education requirements
35 completed.

36 (5) Each four-year institution of higher education must publish a
37 list of recommended courses for each academic major designed to help

1 students who are planning to transfer design their course of study.
2 Publication of the list of courses must be easily identified and
3 accessible on the institution's web site.

4 (6) The requirements to publish a list of recommended courses for
5 each academic major under this section does not apply if an institution
6 does not require courses or majors to meet specific requirements but
7 generally applies credits earned towards degree requirements.

8 NEW SECTION. **Sec. 12.** A new section is added to chapter 28B.50
9 RCW to read as follows:

10 (1)(a) Community and technical colleges must identify and publish
11 in their admissions materials the college level courses that are
12 recognized by all four-year institutions of higher education as
13 transferable to the four-year institutions of higher education.
14 Publication of the list of courses must be easily identified and
15 accessible on the college's web site.

16 (b) If a four-year institution of higher education does not require
17 courses of majors for transfer, the community and technical colleges
18 must identify and publish the transfer policy of the institution in
19 their admissions materials and make the transfer policy of the
20 institution easily identifiable on the college's web site.

21 (2) Community and technical colleges must create a list of courses
22 that satisfy the basic requirements, distribution requirements, and
23 approved electives for:

24 (a) A one-year academic completion certificate as provided for
25 under section 11 of this act; and

26 (b) A transferrable associate of arts or sciences degree as
27 provided for under section 11 of this act.

28 (3) To the extent possible, each community and technical college
29 must develop links between the lists in subsections (1) and (2) of this
30 section and its list of courses, and develop methods to encourage
31 students to check the lists in subsections (1) and (2) of this section
32 when the students are registering for courses.

33 ***Sec. 13. RCW 39.29.011 and 2009 c 486 s 7 are each amended to read**
34 **as follows:**

35 **All personal service contracts shall be entered into pursuant to**
36 **competitive solicitation, except for:**

1 (1) *Emergency contracts;*
2 (2) *Sole source contracts;*
3 (3) *Contract amendments;*
4 (4) *Contracts between a consultant and an agency of less than*
5 *twenty thousand dollars. However, contracts of five thousand dollars*
6 *or greater but less than twenty thousand dollars shall have documented*
7 *evidence of competition, which must include agency posting of the*
8 *contract opportunity on the state's common vendor registration and bid*
9 *notification system. Agencies shall not structure contracts to evade*
10 *these requirements; ((and))*

11 (5) *Contracts between a consultant and an institution of higher*
12 *education of less than one hundred thousand dollars. However,*
13 *contracts of ten thousand dollars or greater but less than one hundred*
14 *thousand dollars shall have documented evidence of competition, which*
15 *must include an institution of higher education's posting of the*
16 *contract opportunity on the state's common vendor registration and bid*
17 *notification system. Institutions of higher education may not*
18 *structure contracts to evade these requirements; and*

19 (6) *Other specific contracts or classes or groups of contracts*
20 *exempted from the competitive solicitation process by the director of*
21 *the office of financial management when it has been determined that a*
22 *competitive solicitation process is not appropriate or cost-effective.*

**Sec. 13 was vetoed. See message at end of chapter.*

23 *Sec. 14. RCW 43.19.1906 and 2008 c 215 s 5 are each amended to
24 read as follows:

25 Insofar as practicable, all purchases and sales shall be based on
26 competitive bids, and a formal sealed, electronic, or web-based bid
27 procedure, subject to RCW 43.19.1911, shall be used as standard
28 procedure for all purchases and contracts for purchases and sales
29 executed by the state purchasing and material control director and
30 under the powers granted by RCW 43.19.190 through 43.19.1939. This
31 requirement also applies to purchases and contracts for purchases and
32 sales executed by agencies, including educational institutions, under
33 delegated authority granted in accordance with provisions of RCW
34 43.19.190 or under RCW 28B.10.029. However, formal sealed, electronic,
35 or web-based competitive bidding is not necessary for:

36 (1) *Emergency purchases made pursuant to RCW 43.19.200 if the*

1 sealed bidding procedure would prevent or hinder the emergency from
2 being met appropriately;

3 (2) Purchases not exceeding thirty-five thousand dollars, or
4 subsequent limits as calculated by the office of financial management:
5 PROVIDED, That the state director of general administration shall
6 establish procedures to assure that purchases made by or on behalf of
7 the various state agencies shall not be made so as to avoid the thirty-
8 five thousand dollar bid limitation, or subsequent bid limitations as
9 calculated by the office of financial management: PROVIDED FURTHER,
10 That the state purchasing and material control director is authorized
11 to reduce the formal sealed bid limits of thirty-five thousand dollars,
12 or subsequent limits as calculated by the office of financial
13 management, to a lower dollar amount for purchases by individual state
14 agencies if considered necessary to maintain full disclosure of
15 competitive procurement or otherwise to achieve overall state
16 efficiency and economy in purchasing and material control. Quotations
17 from three thousand dollars to thirty-five thousand dollars, or
18 subsequent limits as calculated by the office of financial management,
19 shall be secured from at least three vendors to assure establishment of
20 a competitive price and may be obtained by telephone or written
21 quotations, or both. The agency shall invite at least one quotation
22 each from a certified minority and a certified women-owned vendor who
23 shall otherwise qualify to perform such work. Immediately after the
24 award is made, the bid quotations obtained shall be recorded and open
25 to public inspection and shall be available by telephone inquiry. A
26 record of competition for all such purchases from three thousand
27 dollars to thirty-five thousand dollars, or subsequent limits as
28 calculated by the office of financial management, shall be documented
29 for audit purposes. Purchases up to three thousand dollars may be made
30 without competitive bids based on buyer experience and knowledge of the
31 market in achieving maximum quality at minimum cost;

32 (3) Purchases which are clearly and legitimately limited to a
33 single source of supply and purchases involving special facilities,
34 services, or market conditions, in which instances the purchase price
35 may be best established by direct negotiation;

36 (4) Purchases of insurance and bonds by the risk management
37 division under RCW 43.41.310;

1 (5) Purchases and contracts for vocational rehabilitation clients
2 of the department of social and health services: PROVIDED, That this
3 exemption is effective only when the state purchasing and material
4 control director, after consultation with the director of the division
5 of vocational rehabilitation and appropriate department of social and
6 health services procurement personnel, declares that such purchases may
7 be best executed through direct negotiation with one or more suppliers
8 in order to expeditiously meet the special needs of the state's
9 vocational rehabilitation clients;

10 (6) Purchases by universities for hospital operation or biomedical
11 teaching or research purposes and by the state purchasing and material
12 control director, as the agent for state hospitals as defined in RCW
13 72.23.010, and for health care programs provided in state correctional
14 institutions as defined in RCW 72.65.010(3) and veterans' institutions
15 as defined in RCW 72.36.010 and 72.36.070, made by participating in
16 contracts for materials, supplies, and equipment entered into by
17 nonprofit cooperative hospital group purchasing organizations;

18 (7) Purchases for resale by institutions of higher education to
19 other than public agencies when such purchases are for the express
20 purpose of supporting instructional programs and may best be executed
21 through direct negotiation with one or more suppliers in order to meet
22 the special needs of the institution;

23 (8) Purchases by institutions of higher education not exceeding
24 (~~thirty-five~~) one hundred thousand dollars: PROVIDED, That for
25 purchases between (~~three~~) ten thousand dollars and (~~thirty-five~~)
26 one hundred thousand dollars quotations shall be secured from at least
27 three vendors to assure establishment of a competitive price and may be
28 obtained by telephone or written quotations, or both. For purchases
29 between (~~three~~) ten thousand dollars and (~~thirty-five~~) one hundred
30 thousand dollars, each institution of higher education shall invite at
31 least one quotation each from a certified minority and a certified
32 women-owned vendor who shall otherwise qualify to perform such work.
33 A record of competition for all such purchases made from (~~three~~) ten
34 thousand to (~~thirty-five~~) one hundred thousand dollars shall be
35 documented for audit purposes;

36 (9) Off-contract purchases of Washington grown food when such food
37 is not available from Washington sources through an existing contract.
38 However, Washington grown food purchased under this subsection must be

1 of an equivalent or better quality than similar food available through
2 the contract and be able to be paid from the agency's existing budget.
3 This requirement also applies to purchases and contracts for purchases
4 executed by state agencies, including institutions of higher education,
5 under delegated authority granted in accordance with RCW 43.19.190 or
6 under RCW 28B.10.029; and

7 (10) Negotiation of a contract by the department of transportation,
8 valid until June 30, 2001, with registered tow truck operators to
9 provide roving service patrols in one or more Washington state patrol
10 tow zones whereby those registered tow truck operators wishing to
11 participate would cooperatively, with the department of transportation,
12 develop a demonstration project upon terms and conditions negotiated by
13 the parties.

14 Beginning on July 1, 1995, and on July 1st of each succeeding odd-
15 numbered year, the dollar limits specified in this section shall be
16 adjusted as follows: The office of financial management shall
17 calculate such limits by adjusting the previous biennium's limits by
18 the appropriate federal inflationary index reflecting the rate of
19 inflation for the previous biennium. Such amounts shall be rounded to
20 the nearest one hundred dollars. However, the three thousand dollar
21 figure in subsection((s)) (2) (~~and (8)~~) of this section may not be
22 adjusted to exceed five thousand dollars.

23 As used in this section, "Washington grown" has the definition in
24 RCW 15.64.060.

*Sec. 14 was vetoed. See message at end of chapter.

25 *Sec. 15. RCW 43.88.160 and 2006 c 1 s 6 are each amended to read
26 as follows:

27 This section sets forth the major fiscal duties and
28 responsibilities of officers and agencies of the executive branch. The
29 regulations issued by the governor pursuant to this chapter shall
30 provide for a comprehensive, orderly basis for fiscal management and
31 control, including efficient accounting and reporting therefor, for the
32 executive branch of the state government and may include, in addition,
33 such requirements as will generally promote more efficient public
34 management in the state.

35 (1) Governor; director of financial management. The governor,
36 through the director of financial management, shall devise and
37 supervise a modern and complete accounting system for each agency to

1 the end that all revenues, expenditures, receipts, disbursements,
2 resources, and obligations of the state shall be properly and
3 systematically accounted for. The accounting system shall include the
4 development of accurate, timely records and reports of all financial
5 affairs of the state. The system shall also provide for central
6 accounts in the office of financial management at the level of detail
7 deemed necessary by the director to perform central financial
8 management. The director of financial management shall adopt and
9 periodically update an accounting procedures manual. Any agency
10 maintaining its own accounting and reporting system shall comply with
11 the updated accounting procedures manual and the rules of the director
12 adopted under this chapter. An agency may receive a waiver from
13 complying with this requirement if the waiver is approved by the
14 director. Waivers expire at the end of the fiscal biennium for which
15 they are granted. The director shall forward notice of waivers granted
16 to the appropriate legislative fiscal committees. The director of
17 financial management may require such financial, statistical, and other
18 reports as the director deems necessary from all agencies covering any
19 period.

20 (2) Except as provided in chapter 43.88C RCW, the director of
21 financial management is responsible for quarterly reporting of primary
22 operating budget drivers such as applicable workloads, caseload
23 estimates, and appropriate unit cost data. These reports shall be
24 transmitted to the legislative fiscal committees or by electronic means
25 to the legislative evaluation and accountability program committee.
26 Quarterly reports shall include actual monthly data and the variance
27 between actual and estimated data to date. The reports shall also
28 include estimates of these items for the remainder of the budget
29 period.

30 (3) The director of financial management shall report at least
31 annually to the appropriate legislative committees regarding the status
32 of all appropriated capital projects, including transportation
33 projects, showing significant cost overruns or underruns. If funds are
34 shifted from one project to another, the office of financial management
35 shall also reflect this in the annual variance report. Once a project
36 is complete, the report shall provide a final summary showing estimated
37 start and completion dates of each project phase compared to actual

1 dates, estimated costs of each project phase compared to actual costs,
2 and whether or not there are any outstanding liabilities or unsettled
3 claims at the time of completion.

4 (4) In addition, the director of financial management, as agent of
5 the governor, shall:

6 (a) Develop and maintain a system of internal controls and internal
7 audits comprising methods and procedures to be adopted by each agency
8 that will safeguard its assets, check the accuracy and reliability of
9 its accounting data, promote operational efficiency, and encourage
10 adherence to prescribed managerial policies for accounting and
11 financial controls. The system developed by the director shall include
12 criteria for determining the scope and comprehensiveness of internal
13 controls required by classes of agencies, depending on the level of
14 resources at risk.

15 Each agency head or authorized designee shall be assigned the
16 responsibility and authority for establishing and maintaining internal
17 audits following the standards of internal auditing of the institute of
18 internal auditors;

19 (b) Make surveys and analyses of agencies with the object of
20 determining better methods and increased effectiveness in the use of
21 manpower and materials; and the director shall authorize expenditures
22 for employee training to the end that the state may benefit from
23 training facilities made available to state employees;

24 (c) Establish policies for allowing the contracting of child care
25 services;

26 (d) Report to the governor with regard to duplication of effort or
27 lack of coordination among agencies;

28 (e) Review any pay and classification plans, and changes
29 thereunder, developed by any agency for their fiscal impact: PROVIDED,
30 That none of the provisions of this subsection shall affect merit
31 systems of personnel management now existing or hereafter established
32 by statute relating to the fixing of qualifications requirements for
33 recruitment, appointment, or promotion of employees of any agency. The
34 director shall advise and confer with agencies including appropriate
35 standing committees of the legislature as may be designated by the
36 speaker of the house and the president of the senate regarding the
37 fiscal impact of such plans and may amend or alter the plans, except

1 that for the following agencies no amendment or alteration of the plans
2 may be made without the approval of the agency concerned: Agencies
3 headed by elective officials;

4 (f) Fix the number and classes of positions or authorized employee
5 years of employment for each agency and during the fiscal period amend
6 the determinations previously fixed by the director except that the
7 director shall not be empowered to fix the number or the classes for
8 the following: Agencies headed by elective officials;

9 (g) Adopt rules to effectuate provisions contained in (a) through
10 (f) of this subsection.

11 (5) The treasurer shall:

12 (a) Receive, keep, and disburse all public funds of the state not
13 expressly required by law to be received, kept, and disbursed by some
14 other persons: PROVIDED, That this subsection shall not apply to those
15 public funds of the institutions of higher learning which are not
16 subject to appropriation;

17 (b) Receive, disburse, or transfer public funds under the
18 treasurer's supervision or custody;

19 (c) Keep a correct and current account of all moneys received and
20 disbursed by the treasurer, classified by fund or account;

21 (d) Coordinate agencies' acceptance and use of credit cards and
22 other payment methods, if the agencies have received authorization
23 under RCW 43.41.180;

24 (e) Perform such other duties as may be required by law or by
25 regulations issued pursuant to this law.

26 It shall be unlawful for the treasurer to disburse public funds in
27 the treasury except upon forms or by alternative means duly prescribed
28 by the director of financial management. These forms or alternative
29 means shall provide for authentication and certification by the agency
30 head or the agency head's designee that the services have been rendered
31 or the materials have been furnished; or, in the case of loans or
32 grants, that the loans or grants are authorized by law; or, in the case
33 of payments for periodic maintenance services to be performed on state
34 owned equipment, that a written contract for such periodic maintenance
35 services is currently in effect; and the treasurer shall not be liable
36 under the treasurer's surety bond for erroneous or improper payments so
37 made. When services are lawfully paid for in advance of full
38 performance by any private individual or business entity other than

1 equipment maintenance providers or as provided for by RCW 42.24.035,
2 such individual or entity other than central stores rendering such
3 services shall make a cash deposit or furnish surety bond coverage to
4 the state as shall be fixed in an amount by law, or if not fixed by
5 law, then in such amounts as shall be fixed by the director of the
6 department of general administration but in no case shall such required
7 cash deposit or surety bond be less than an amount which will fully
8 indemnify the state against any and all losses on account of breach of
9 promise to fully perform such services. Except for institutions of
10 higher education, no payments shall be made in advance for any
11 equipment maintenance services to be performed more than twelve months
12 after such payment. Any such bond so furnished shall be conditioned
13 that the person, firm or corporation receiving the advance payment will
14 apply it toward performance of the contract. The responsibility for
15 recovery of erroneous or improper payments made under this section
16 shall lie with the agency head or the agency head's designee in
17 accordance with regulations issued pursuant to this chapter. Nothing
18 in this section shall be construed to permit a public body to advance
19 funds to a private service provider pursuant to a grant or loan before
20 services have been rendered or material furnished.

21 (6) The state auditor shall:

22 (a) Report to the legislature the results of current post audits
23 that have been made of the financial transactions of each agency; to
24 this end the auditor may, in the auditor's discretion, examine the
25 books and accounts of any agency, official, or employee charged with
26 the receipt, custody, or safekeeping of public funds. Where feasible
27 in conducting examinations, the auditor shall utilize data and findings
28 from the internal control system prescribed by the office of financial
29 management. The current post audit of each agency may include a
30 section on recommendations to the legislature as provided in (c) of
31 this subsection.

32 (b) Give information to the legislature, whenever required, upon
33 any subject relating to the financial affairs of the state.

34 (c) Make the auditor's official report on or before the thirty-
35 first of December which precedes the meeting of the legislature. The
36 report shall be for the last complete fiscal period and shall include
37 determinations as to whether agencies, in making expenditures, complied
38 with the laws of this state. The state auditor is authorized to

1 perform or participate in performance verifications and performance
2 audits as expressly authorized by the legislature in the omnibus
3 biennial appropriations acts or in the performance audit work plan
4 approved by the joint legislative audit and review committee. The
5 state auditor, upon completing an audit for legal and financial
6 compliance under chapter 43.09 RCW or a performance verification, may
7 report to the joint legislative audit and review committee or other
8 appropriate committees of the legislature, in a manner prescribed by
9 the joint legislative audit and review committee, on facts relating to
10 the management or performance of governmental programs where such facts
11 are discovered incidental to the legal and financial audit or
12 performance verification. The auditor may make such a report to a
13 legislative committee only if the auditor has determined that the
14 agency has been given an opportunity and has failed to resolve the
15 management or performance issues raised by the auditor. If the auditor
16 makes a report to a legislative committee, the agency may submit to the
17 committee a response to the report. This subsection (6) shall not be
18 construed to authorize the auditor to allocate other than de minimis
19 resources to performance audits except as expressly authorized in the
20 appropriations acts or in the performance audit work plan. The results
21 of a performance audit conducted by the state auditor that has been
22 requested by the joint legislative audit and review committee must only
23 be transmitted to the joint legislative audit and review committee.

24 (d) Be empowered to take exception to specific expenditures that
25 have been incurred by any agency or to take exception to other
26 practices related in any way to the agency's financial transactions and
27 to cause such exceptions to be made a matter of public record,
28 including disclosure to the agency concerned and to the director of
29 financial management. It shall be the duty of the director of
30 financial management to cause corrective action to be taken within six
31 months, such action to include, as appropriate, the withholding of
32 funds as provided in RCW 43.88.110. The director of financial
33 management shall annually report by December 31st the status of audit
34 resolution to the appropriate committees of the legislature, the state
35 auditor, and the attorney general. The director of financial
36 management shall include in the audit resolution report actions taken
37 as a result of an audit including, but not limited to, types of

1 personnel actions, costs and types of litigation, and value of recouped
2 goods or services.

3 (e) Promptly report any irregularities to the attorney general.

4 (f) Investigate improper governmental activity under chapter 42.40
5 RCW.

6 (~~(g)~~) In addition to the authority given to the state auditor in
7 this subsection (6), the state auditor is authorized to conduct
8 performance audits identified in RCW 43.09.470. Nothing in this
9 subsection (6) shall limit, impede, or restrict the state auditor from
10 conducting performance audits identified in RCW 43.09.470.

11 (7) The joint legislative audit and review committee may:

12 (a) Make post audits of the financial transactions of any agency
13 and management surveys and program reviews as provided for in chapter
14 44.28 RCW as well as performance audits and program evaluations. To
15 this end the joint committee may in its discretion examine the books,
16 accounts, and other records of any agency, official, or employee.

17 (b) Give information to the legislature or any legislative
18 committee whenever required upon any subject relating to the
19 performance and management of state agencies.

20 (c) Make a report to the legislature which shall include at least
21 the following:

22 (i) Determinations as to the extent to which agencies in making
23 expenditures have complied with the will of the legislature and in this
24 connection, may take exception to specific expenditures or financial
25 practices of any agencies; and

26 (ii) Such plans as it deems expedient for the support of the
27 state's credit, for lessening expenditures, for promoting frugality and
28 economy in agency affairs, and generally for an improved level of
29 fiscal management.

**Sec. 15 was vetoed. See message at end of chapter.*

30 *Sec. 16. RCW 43.03.220 and 2011 c 5 s 902 are each amended to read
31 as follows:

32 (1) Any part-time board, commission, council, committee, or other
33 similar group which is established by the executive, legislative, or
34 judicial branch to participate in state government and which functions
35 primarily in an advisory, coordinating, or planning capacity shall be
36 identified as a class one group.

1 (2) Absent any other provision of law to the contrary, no money
2 beyond the customary reimbursement or allowance for expenses may be
3 paid by or through the state to members of class one groups for
4 attendance at meetings of such groups.

5 (3) Beginning July 1, 2010, through June 30, 2011, no person
6 designated as a member of a class one board, commission, council,
7 committee, or similar group may receive an allowance for subsistence,
8 lodging, or travel expenses if the allowance cost is funded by the
9 state general fund. Exceptions may be granted under section 605,
10 chapter 3, Laws of 2010. Class one groups, when feasible, shall use an
11 alternative means of conducting a meeting that does not require travel
12 while still maximizing member and public participation and may use a
13 meeting format that requires members to be physically present at one
14 location only when necessary or required by law. Meetings that require
15 a member's physical presence at one location must be held in state
16 facilities whenever possible. Meetings conducted using private
17 facilities must be approved by the director of the office of financial
18 management, except for facilities provided free of charge. Meetings of
19 class one groups affiliated with institutions of higher education do
20 not require such approval.

21 (4) Beginning July 1, 2010, through June 30, 2011, class one groups
22 that are funded by sources other than the state general fund are
23 encouraged to reduce travel, lodging, and other costs associated with
24 conducting the business of the group including use of other meeting
25 formats that do not require travel.

*Sec. 16 was vetoed. See message at end of chapter.

26 *Sec. 17. RCW 43.03.230 and 2011 c 5 s 903 are each amended to read
27 as follows:

28 (1) Any agricultural commodity board or commission established
29 pursuant to Title 15 or 16 RCW shall be identified as a class two group
30 for purposes of compensation.

31 (2) Except as otherwise provided in this section, each member of a
32 class two group is eligible to receive compensation in an amount not to
33 exceed one hundred dollars for each day during which the member attends
34 an official meeting of the group or performs statutorily prescribed
35 duties approved by the chairperson of the group. A person shall not
36 receive compensation for a day of service under this section if the
37 person (a) occupies a position, normally regarded as full-time in

1 nature, in any agency of the federal government, Washington state
2 government, or Washington state local government; and (b) receives any
3 compensation from such government for working that day.

4 (3) Compensation may be paid a member under this section only if it
5 is authorized under the law dealing in particular with the specific
6 group to which the member belongs or dealing in particular with the
7 members of that specific group.

8 (4) Beginning July 1, 2010, through June 30, 2011, no person
9 designated as a member of a class two board, commission, council,
10 committee, or similar group may receive an allowance for subsistence,
11 lodging, or travel expenses if the allowance cost is funded by the
12 state general fund. Exceptions may be granted under section 605,
13 chapter 3, Laws of 2010. Class two groups, when feasible, shall use an
14 alternative means of conducting a meeting that does not require travel
15 while still maximizing member and public participation and may use a
16 meeting format that requires members to be physically present at one
17 location only when necessary or required by law. Meetings that require
18 a member's physical presence at one location must be held in state
19 facilities whenever possible. Meetings conducted using private
20 facilities must be approved by the director of the office of financial
21 management, except for facilities provided free of charge. Meetings of
22 class two groups affiliated with institutions of higher education do
23 not require such approval.

24 (5) Beginning July 1, 2010, through June 30, 2011, class two groups
25 that are funded by sources other than the state general fund are
26 encouraged to reduce travel, lodging, and other costs associated with
27 conducting the business of the group including use of other meeting
28 formats that do not require travel.

*Sec. 17 was vetoed. See message at end of chapter.

29 *Sec. 18. RCW 43.03.240 and 2011 c 5 s 904 are each amended to read
30 as follows:

31 (1) Any part-time, statutory board, commission, council, committee,
32 or other similar group which has rule-making authority, performs quasi
33 judicial functions, has responsibility for the administration or policy
34 direction of a state agency or program, or performs regulatory or
35 licensing functions with respect to a specific profession, occupation,
36 business, or industry shall be identified as a class three group for
37 purposes of compensation.

1 (2) Except as otherwise provided in this section, each member of a
2 class three group is eligible to receive compensation in an amount not
3 to exceed fifty dollars for each day during which the member attends an
4 official meeting of the group or performs statutorily prescribed duties
5 approved by the chairperson of the group. A person shall not receive
6 compensation for a day of service under this section if the person (a)
7 occupies a position, normally regarded as full-time in nature, in any
8 agency of the federal government, Washington state government, or
9 Washington state local government; and (b) receives any compensation
10 from such government for working that day.

11 (3) Compensation may be paid a member under this section only if it
12 is authorized under the law dealing in particular with the specific
13 group to which the member belongs or dealing in particular with the
14 members of that specific group.

15 (4) Beginning July 1, 2010, through June 30, 2011, no person
16 designated as a member of a class three board, commission, council,
17 committee, or similar group may receive an allowance for subsistence,
18 lodging, or travel expenses if the allowance cost is funded by the
19 state general fund. Exceptions may be granted under section 605,
20 chapter 3, Laws of 2010. Class three groups, when feasible, shall use
21 an alternative means of conducting a meeting that does not require
22 travel while still maximizing member and public participation and may
23 use a meeting format that requires members to be physically present at
24 one location only when necessary or required by law. Meetings that
25 require a member's physical presence at one location must be held in
26 state facilities whenever possible. Meetings conducted using private
27 facilities must be approved by the director of the office of financial
28 management, except for facilities provided free of charge. Meetings of
29 class three groups affiliated with institutions of higher education do
30 not require such approval.

31 (5) Beginning July 1, 2010, through June 30, 2011, class three
32 groups that are funded by sources other than the state general fund are
33 encouraged to reduce travel, lodging, and other costs associated with
34 conducting the business of the group including use of other meeting
35 formats that do not require travel.

*Sec. 18 was vetoed. See message at end of chapter.

36 *Sec. 19. RCW 43.03.250 and 2011 c 5 s 905 are each amended to read
37 as follows:

1 (1) A part-time, statutory board, commission, council, committee,
2 or other similar group shall be identified as a class four group for
3 purposes of compensation if the group:

4 (a) Has rule-making authority, performs quasi-judicial functions,
5 or has responsibility for the administration or policy direction of a
6 state agency or program;

7 (b) Has duties that are deemed by the legislature to be of
8 overriding sensitivity and importance to the public welfare and the
9 operation of state government; and

10 (c) Requires service from its members representing a significant
11 demand on their time that is normally in excess of one hundred hours of
12 meeting time per year.

13 (2) Each member of a class four group is eligible to receive
14 compensation in an amount not to exceed one hundred dollars for each
15 day during which the member attends an official meeting of the group or
16 performs statutorily prescribed duties approved by the chairperson of
17 the group. A person shall not receive compensation for a day of
18 service under this section if the person (a) occupies a position,
19 normally regarded as full-time in nature, in any agency of the federal
20 government, Washington state government, or Washington state local
21 government; and (b) receives any compensation from such government for
22 working that day.

23 (3) Compensation may be paid a member under this section only if it
24 is authorized under the law dealing in particular with the specific
25 group to which the member belongs or dealing in particular with the
26 members of that specific group.

27 (4) Beginning July 1, 2010, through June 30, 2011, class four
28 groups, when feasible, shall use an alternative means of conducting a
29 meeting that does not require travel while still maximizing member and
30 public participation and may use a meeting format that requires members
31 to be physically present at one location only when necessary or
32 required by law. Meetings that require a member's physical presence at
33 one location must be held in state facilities whenever possible.
34 Meetings conducted using private facilities must be approved by the
35 director of the office of financial management, except for facilities
36 provided free of charge. Meetings of class four groups affiliated with
37 institutions of higher education do not require such approval.

*Sec. 19 was vetoed. See message at end of chapter.

1 *Sec. 20. RCW 43.03.265 and 2011 c 5 s 906 are each amended to read
2 as follows:

3 (1) Any part-time commission that has rule-making authority,
4 performs quasi-judicial functions, has responsibility for the policy
5 direction of a health profession credentialing program, and performs
6 regulatory and licensing functions with respect to a health care
7 profession licensed under Title 18 RCW shall be identified as a class
8 five group for purposes of compensation.

9 (2) Except as otherwise provided in this section, each member of a
10 class five group is eligible to receive compensation in an amount not
11 to exceed two hundred fifty dollars for each day during which the
12 member attends an official meeting of the group or performs statutorily
13 prescribed duties approved by the chairperson of the group. A person
14 shall not receive compensation for a day of service under this section
15 if the person (a) occupies a position, normally regarded as full-time
16 in nature, in any agency of the federal government, Washington state
17 government, or Washington state local government; and (b) receives any
18 compensation from such government for working that day.

19 (3) Compensation may be paid a member under this section only if it
20 is necessarily incurred in the course of authorized business consistent
21 with the responsibilities of the commission established by law.

22 (4) Beginning July 1, 2010, through June 30, 2011, no person
23 designated as a member of a class five board, commission, council,
24 committee, or similar group may receive an allowance for subsistence,
25 lodging, or travel expenses if the allowance cost is funded by the
26 state general fund. Exceptions may be granted under section 605,
27 chapter 3, Laws of 2010. Class five groups, when feasible, shall use
28 an alternative means of conducting a meeting that does not require
29 travel while still maximizing member and public participation and may
30 use a meeting format that requires members to be physically present at
31 one location only when necessary or required by law. Meetings that
32 require a member's physical presence at one location must be held in
33 state facilities whenever possible. Meetings conducted using private
34 facilities must be approved by the director of the office of financial
35 management, except for facilities provided free of charge. Meetings of
36 class five groups affiliated with institutions of higher education do
37 not require such approval.

1 (5) Beginning July 1, 2010, through June 30, 2011, class five
2 groups that are funded by sources other than the state general fund are
3 encouraged to reduce travel, lodging, and other costs associated with
4 conducting the business of the group including use of other meeting
5 formats that do not require travel.

*Sec. 20 was vetoed. See message at end of chapter.

6 *Sec. 21. 2010 c 3 s 602 (uncodified) is amended to read as
7 follows:

8 (1) From March 17, 2010, until July 1, 2011, state agencies of the
9 legislative, executive, and judicial branches shall not enter into any
10 contracts or other agreements entered into for the acquisition of
11 personal services not related to an emergency or other catastrophic
12 event that requires government action to protect life or public safety.

13 (2) This section does not apply to personal services contracts or
14 other agreements for the acquisition of personal services where the
15 costs are funded exclusively from private or federal grants, where the
16 costs are for tax and fee collection, where the costs are for revenue
17 generation and auditing activities, where the costs are for the review
18 and research conducted by the joint transportation committee pursuant
19 to RCW 44.04.300, where the costs are necessary to receive or maintain
20 federal funds by the state, or(~~(where)~~) to institutions of higher
21 education(~~(where the costs are not funded from state funds or~~
22 ~~tuition)~~). This section also does not apply where costs are related to
23 hearing officers, where costs are related to real estate appraisals or
24 habitat assessments, where costs are related to carrying out a court
25 order, or where costs are related to information technology contracts
26 related to an information services board approved information
27 technology project, or where costs are related to judicial information
28 system technology projects.

29 (3) Exceptions to this section may be granted under section 605,
30 chapter 3, Laws of 2010.

*Sec. 21 was vetoed. See message at end of chapter.

31 *Sec. 22. 2010 c 3 s 603 (uncodified) is amended to read as
32 follows:

33 (1) From March 17, 2010, until July 1, 2011, state agencies of the
34 legislative, executive, and judicial branches shall not enter into any
35 contracts or other agreements for the acquisition of any item of

1 equipment the cost of which exceeds five thousand dollars and is not
2 related to an emergency or other catastrophic event that requires
3 government action to protect life or public safety.

4 (2) This section does not apply to the unemployment insurance
5 program of the employment security department, to costs that are for
6 tax and fee collection, for revenue generation and audit activities, or
7 for receiving or maintaining federal funds by the state, or(~~(,in)~~) to
8 ~~institutions of higher education(~~(,to costs not funded from state~~~~
9 ~~funds or tuition))~~). This section also does not apply to costs that are
10 funded exclusively from private or federal grants, or for equipment
11 necessary to complete a project funded in the omnibus capital or
12 transportation appropriation acts, or the operational divisions of the
13 department of information services, or cost related to the
14 continuation, renewal, or establishment of maintenance for existing
15 computer software licensing and existing computer hardware, or for
16 costs related to the judicial information system.

17 (3) Exceptions to this section may be granted under section 605,
18 chapter 3, Laws of 2010.

*Sec. 22 was vetoed. See message at end of chapter.

19 *Sec. 23. 2010 c 3 s 604 (uncodified) is amended to read as
20 follows:

21 (1) State agencies of the legislative, executive, and judicial
22 branches shall not make expenditures for the cost or reimbursement of
23 out-of-state travel or out-of-state training by state employees where
24 the travel or training is not related to an emergency or other
25 catastrophic event that requires government action to protect life or
26 public safety, or direct service delivery, and the travel or training
27 occurs after March 17, 2010, and before July 1, 2011.

28 (2) This section does not apply to travel expenditures when the
29 costs are funded exclusively from private or federal grants. This
30 section does not apply to the unemployment insurance program of the
31 employment security department, to costs that are for tax and fee
32 collection, for revenue generation and audit activities, or for
33 receiving or maintaining federal funds by the state, or(~~(,in)~~) to
34 ~~institutions of higher education(~~(,to costs not funded from state~~~~
35 ~~funds or tuition))~~). This section also does not apply to costs related
36 to carrying out a court order or to costs to travel by air into
37 Washington state from any airport located in a contiguous state of

1 which the largest city is part of a metropolitan statistical area with
2 a city located in Washington state, or to motor vehicle and parking
3 costs for single day travel to a contiguous state or British Columbia,
4 Canada.

5 (3) Exceptions to this section may be granted under section 605,
6 chapter 3, Laws of 2010.

*Sec. 23 was vetoed. See message at end of chapter.

7 *Sec. 24. 2010 1st sp.s. c 37 s 901 (uncodified) is amended to read
8 as follows:

9 (1) From May 4, 2010, until July 1, 2011, state agencies of the
10 legislative, executive, and judicial branches shall not establish new
11 staff positions or fill vacant existing staff positions except as
12 specifically authorized by this section.

13 (2) The following activities of state agencies are exempt from
14 subsection (1) of this section:

15 (a) Direct custody, supervision, and patient care in corrections,
16 juvenile rehabilitation, institutional care of veterans, the mentally
17 ill, developmentally disabled, state hospitals, the special commitment
18 center, and the schools for the blind and the deaf;

19 (b) Direct protective services to children and other vulnerable
20 populations in the department of social and health services;

21 (c) Washington state patrol investigative services and field
22 enforcement;

23 (d) Hazardous materials response and emergency cleanup;

24 (e) Emergency public health and patient safety response and the
25 public health laboratory;

26 (f) Military operations and emergency management within the
27 military department;

28 (g) Firefighting;

29 (h) Enforcement officers in the department of fish and wildlife,
30 the liquor control board, the gambling commission, and the department
31 of natural resources;

32 (i) Park rangers at the parks and recreation commission;

33 (j) Seasonal employment by natural resources agencies to the extent
34 that employment levels do not exceed the prior fiscal year;

35 (k) Seasonal employment in the department of transportation
36 maintenance programs to the extent that employment levels do not exceed
37 the prior fiscal year;

1 (l) Employees hired on a seasonal basis by the department of
2 agriculture for inspection and certification of agricultural products
3 and for insect detection;

4 (m) Activities directly related to tax and fee collection, revenue
5 generation, auditing, and recovery;

6 (n) In institutions of higher education, (~~any positions directly~~
7 ~~related to academic programs, as well as positions not funded from~~
8 ~~state funds or tuition, positions that are filled by enrolled students~~
9 ~~at their own institution as student workers, positions in campus police~~
10 ~~and security, positions related to emergency management and response,~~
11 ~~and positions related to student health care and counseling)) all
12 positions;~~

13 (o) Operations of the state lottery and liquor control board
14 business enterprises;

15 (p) The unemployment insurance program of the employment security
16 department; and

17 (q) Activities that are necessary to receive or maintain federal
18 funds by the state.

19 (3) The exemptions specified in subsection (2) of this section do
20 not require the establishment of new staff positions or the filling of
21 vacant staff positions in the activities specified.

22 (4) Exceptions to this section may be granted under section 605
23 (~~of this act~~), chapter 3, Laws of 2010.

24 (5) Also exempted from this section are positions related to
25 facility realignments in the department of corrections, positions
26 related to the transfer of programs between state agencies assumed in
27 (~~this act~~) chapter 3, Laws of 2010, and disability determination
28 staff funded solely by federal funds.

*Sec. 24 was vetoed. See message at end of chapter.

29 *Sec. 25. 2010 c 1 s 8 (uncodified) is amended to read as follows:

30 (1) Notwithstanding sections 1 through 5, chapter 1, Laws of 2010,
31 institutions of higher education may grant a wage or salary increase
32 for additional academic responsibilities during the summer quarter if
33 the following conditions are met:

34 (a) The salary increase can be paid within existing resources; and

35 (b) The salary increase will not adversely impact the provision of
36 client services.

1 (2) Notwithstanding sections 1 through 5, chapter 1, Laws of 2010,
2 and provided that any increase is not funded from state funds,
3 institutions of higher education may grant a wage or salary increase to
4 critical academic personnel as needed for retention purposes where the
5 loss of such personnel would be likely to result in a loss of grant or
6 other funding.

7 (3) Any institution granting a wage or salary increase under this
8 section from February 15, 2010, through June 30, 2011, shall submit a
9 report to the fiscal committees of the legislature no later than July
10 31, 2011, detailing the positions for which salary increases were
11 granted, the size of the increases, and the reasons for giving the
12 increases.

*Sec. 25 was vetoed. See message at end of chapter.

13 NEW SECTION. **Sec. 26.** The following acts or parts of acts are
14 each repealed:

15 (1) RCW 28B.10.920 (Performance agreements--Generally) and 2008 c
16 160 s 2;

17 (2) RCW 28B.10.921 (Performance agreements--Contents) and 2008 c
18 160 s 3; and

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

22 NEW SECTION. **Sec. 27.** The office of financial management shall
23 work with the appropriate state agencies as determined by the office of
24 financial management, and the council of presidents to convene an
25 interagency work group to develop and implement improved administration
26 and management practices that enhance the efficiency and effectiveness
27 of operations throughout higher education campuses. The council of
28 presidents shall appoint a lead higher education institution to provide
29 administrative support to the work group within that institution's
30 current resources. The work group shall report to the legislature by
31 November 15, 2012, and November 15, 2013, on its progress, anticipated
32 outcomes, policy recommendations, and performance measures for
33 demonstrating achievement of improved efficiencies and effectiveness.

34 NEW SECTION. **Sec. 28.** A new section is added to chapter 28B.76
35 RCW to read as follows:

1 (1) The board, the state board for community and technical
2 colleges, the council of presidents, the four-year institutions of
3 higher education, the private independent higher education
4 institutions, and the private career schools shall collaborate to carry
5 out the following goals:

6 (a) Increase the number of students who receive academic credit for
7 prior learning and the number of students who receive credit for prior
8 learning that counts towards their major or towards earning their
9 degree, certificate, or credential, while ensuring that credit is
10 awarded only for high quality, course-level competencies;

11 (b) Increase the number and type of academic credits accepted for
12 prior learning in institutions of higher education, while ensuring that
13 credit is awarded only for high quality, course-level competencies;

14 (c) Develop transparent policies and practices in awarding academic
15 credit for prior learning;

16 (d) Improve prior learning assessment practices across the
17 institutions of higher education;

18 (e) Create tools to develop faculty and staff knowledge and
19 expertise in awarding credit for prior learning and to share exemplary
20 policies and practices among institutions of higher education;

21 (f) Develop articulation agreements when patterns of credit for
22 prior learning are identified for particular programs and pathways; and

23 (g) Develop outcome measures to track progress on the goals
24 outlined in this section.

25 (2) The board shall convene the academic credit for prior learning
26 work group.

27 (a) The work group must include the following members:

28 (i) One representative from the higher education coordinating
29 board;

30 (ii) One representative from the state board for community and
31 technical colleges;

32 (iii) One representative from the council of presidents;

33 (iv) Two representatives each from faculty from two and four-year
34 institutions of higher education;

35 (v) Two representatives from private career schools;

36 (vi) Two representatives from business; and

37 (vii) Two representatives from labor.

1 (b) The purpose of the work group is to coordinate and implement
2 the goals in subsection (1) of this section.

3 (3) The board shall report progress on the goals and outcome
4 measures annually by December 31st.

5 (4) For the purposes of this section, "prior learning" means the
6 knowledge and skills gained through work and life experience; through
7 military training and experience; and through formal and informal
8 education and training from in-state and out-of-state institutions
9 including foreign institutions.

10 NEW SECTION. **Sec. 29.** (1) The legislature finds that the methods
11 of providing funds to four-year public institutions of higher education
12 are based upon factors such as prior years' budget provisos and
13 inaccurate assumptions about the number of full-time equivalent
14 enrollments. The bases for these funding assumptions have grown
15 disconnected to legislative expectations and lack transparency and
16 accountability.

17 (2) A joint select legislative task force on the baccalaureate
18 funding formula is established. The task force shall consist of the
19 following members:

20 (a) Two members from each caucus of the senate appointed by the
21 president of the senate, two of the members must be members of the ways
22 and means committee and two must be members of the higher education and
23 workforce development committee; and

24 (b) Two members from each caucus of the house of representatives
25 appointed by the speaker of the house of representatives, two of the
26 members must be members of the ways and means committee and two must be
27 members of the higher education committee.

28 (3) The task force shall:

29 (a) Review statutes and budget provisos which govern public
30 institutions offering baccalaureate degrees;

31 (b) Specify the range of public interests and outcomes which are
32 served by public expenditures for higher education services;

33 (c) Review the basis for the state funding of public institutions
34 offering baccalaureate degrees; and

35 (d) Prepare and approve a recommended state operating budget method
36 which offers greater efficacy, transparency, and accountability for
37 baccalaureate institutions which receive public funds.

1 (4) The task force shall use legislative facilities, and staff
2 support shall be provided by senate committee services and the house
3 office of program research. The meetings of the task force shall be
4 planned for times which coincide with regular meetings of legislative
5 committees to the maximum extent possible.

6 (5) Members of the task force shall not be reimbursed for travel
7 expenses.

8 (6) The task force shall report its findings and recommendations to
9 the governor and appropriate committees of the legislature by January
10 16, 2012.

11 (7) This section expires June 30, 2012.

12 NEW SECTION. **Sec. 30.** This act may be known and cited as the
13 higher education opportunity act.

14 NEW SECTION. **Sec. 31.** A new section is added to chapter 44.28 RCW
15 to read as follows:

16 (1) During calendar year 2018, the joint committee shall complete
17 a systemic performance audit of the tuition-setting authority in RCW
18 28B.15.067 granted to the governing boards of the state universities,
19 regional universities, and The Evergreen State College. The audit must
20 include a separate analysis of both the authority granted in RCW
21 28B.15.067(3) and the authority in RCW 28B.15.067(4). The purpose of
22 the audit is to evaluate the impact of institutional tuition-setting
23 authority on student access, affordability, and institutional quality.

24 (2) The audit must include an evaluation of the following outcomes
25 for each four-year institution of higher education:

26 (a) Changes in undergraduate enrollment, retention, and graduation
27 by race and ethnicity, gender, state and county of origin, age, and
28 socioeconomic status;

29 (b) The impact on student transferability, particularly from
30 Washington community and technical colleges;

31 (c) Changes in time and credits to degree;

32 (d) Changes in the number and availability of online programs and
33 undergraduate enrollments in the programs;

34 (e) Changes in enrollments in the running start and other dual
35 enrollment programs;

1 (f) Impacts on funding levels for state student financial aid
2 programs;

3 (g) Any changes in the percent of students who apply for student
4 financial aid using the free application for federal student aid
5 (FAFSA);

6 (h) Any changes in the percent of students who apply for available
7 tax credits;

8 (i) Information on the use of building fee revenue by fiscal or
9 academic year; and

10 (j) Undergraduate tuition and fee rates compared to undergraduate
11 tuition and fee rates at similar institutions in the global challenge
12 states.

13 (3) The audit must include recommendations on whether to continue
14 tuition-setting authority beyond the 2018-19 academic year.

15 (4) In conducting the audit, the auditor shall solicit input from
16 key higher education stakeholders, including but not limited to
17 students and their families, faculty, and staff. To the maximum extent
18 possible, data for the University of Washington and Washington State
19 University shall be disaggregated by branch campus.

20 (5) The auditor shall report findings and recommendations to the
21 appropriate committees of the legislature by December 15, 2018.

22 (6) This section expires December 31, 2018.

23 NEW SECTION. **Sec. 32.** Sections 21 through 26 of this act are
24 necessary for the immediate preservation of the public peace, health,
25 or safety, or support of the state government and its existing public
26 institutions, and take effect immediately.

27 NEW SECTION. **Sec. 33.** The higher education coordinating board,
28 the state board for community and technical colleges, and the council
29 of presidents shall convene a work group, with representatives from
30 higher education institutions, including faculty representatives, to
31 develop a plan for creating common course numbering for all common
32 lower division courses at all institutions of higher education. The
33 plan shall include, but not be limited to the following: (1)
34 Identification of key issues and barriers to implementing common course
35 numbering; (2) cost estimates related to implementation of common
36 course numbering; (3) faculty and staff time required for development

1 and maintenance of common course numbering; (4) a definition of common
2 courses; and (5) an implementation timeline. The plan shall be
3 delivered to the higher education committees of the legislature and the
4 governor by December 1, 2011.

Passed by the House May 9, 2011.

Passed by the Senate May 10, 2011.

Approved by the Governor June 6, 2011, with the exception of
certain items that were vetoed.

Filed in Office of Secretary of State June 7, 2011.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to Sections 13
through 25, Engrossed Second Substitute House Bill 1795 entitled:

"AN ACT Relating to the higher education opportunity act."

Sections 13 and 14 exempt higher education from the requirements of competitive solicitation for personal services contracts and other purchases that are less than \$100,000. Current law requires competitive solicitation for personal service contract greater than \$20,000 and for other purchases greater than \$35,000. Section 15 exempts higher education from the requirement that no payments may be made in advance for equipment maintenance services to be performed in excess of one year. Other legislation requires a study and the establishment of a policy regarding these practices for all of state government, including higher education institutions.

Sections 16 through 24 exempt higher education from various spending freezes, such as hiring, personal service contracts, equipment, out of state travel and training, and board member travel allowances that were imposed during the 2009-2011 biennium. These freezes expire on June 30, 2011. Due to the length of the regular legislative session and special session, sections 15, 16, 17, 18, 19 and 20 have no operative effect because the restrictions expire before the law takes effect.

Section 25 would exempt, through June 30, 2011, higher education institutions from prohibitions on wage and salary increases granted with non-state funds. These prohibitions on wage and salary increases are reinstated for the 2011-13 biennium in SB 5860 for all of state government. In addition, the underlying statute already provides an exemption for higher education to the wage and salary freeze if increases are needed for recruitment and retention purposes.

For these reason, I am vetoing Sections 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24 and 25 of Engrossed Second Substitute House Bill 1795. Higher education institutions are still prohibited from granting wage and salary increases using tuition funding for the 2011-13 biennium, unless increases are necessary for recruitment and retention.

For these reasons, I have vetoed Sections 13 through 25 of Engrossed Second Substitute House Bill 1795.

With the exception of Sections 13 through 25, Engrossed Second Substitute House Bill 1795 is approved."