
SENATE BILL 5954

State of Washington

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2015 Regular Session

By Senators Braun, Bailey, Hill, Becker, Fain, Miloscia, Parlette, Angel, Schoesler, Brown, Litzow, Warnick, Honeyford, Sheldon, Rivers, Roach, and Benton

Read first time 02/12/15. Referred to Committee on Higher Education.

1 AN ACT Relating to reducing tuition; amending RCW 28B.15.031,
2 28B.15.066, 28B.15.067, and 28B.15.069; reenacting and amending RCW
3 28B.95.020 and 28B.95.030; adding a new section to chapter 28B.92
4 RCW; creating a new section; and repealing RCW 28B.15.068 and
5 28B.15.102.

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

7 **Sec. 1.** RCW 28B.15.031 and 2012 c 230 s 6 are each amended to
8 read as follows:

9 (1) The term "operating fees" as used in this chapter shall
10 include the fees, other than building fees, charged all students
11 registering at the state's colleges and universities but shall not
12 include fees for short courses, self-supporting degree credit
13 programs and courses, marine station work, experimental station work,
14 correspondence or extension courses, and individual instruction and
15 student deposits or rentals, disciplinary and library fines, which
16 colleges and universities shall have the right to impose, laboratory,
17 gymnasium, health, technology and student activity fees, or fees,
18 charges, rentals, and other income derived from any or all revenue
19 producing lands, buildings and facilities of the colleges or
20 universities heretofore or hereafter acquired, constructed or
21 installed, including but not limited to income from rooms,

1 dormitories, dining rooms, hospitals, infirmaries, housing or student
2 activity buildings, vehicular parking facilities, land, or the
3 appurtenances thereon, or such other special fees as may be
4 established by any college or university board of trustees or regents
5 from time to time. All moneys received as operating fees at any
6 institution of higher education shall be deposited in a local account
7 containing only operating fees revenue and related interest:
8 PROVIDED, That (~~a minimum of five percent of operating fees shall be~~
9 ~~retained by the four-year institutions of higher education that~~
10 ~~increase tuition for resident undergraduate students above assumed~~
11 ~~tuition increases in the omnibus appropriations act,~~) a minimum of
12 four percent of operating fees shall be retained by four-year
13 institutions of higher education (~~that do not increase tuition for~~
14 ~~resident undergraduates above assumed increases in the omnibus~~
15 ~~appropriations act,~~) and a minimum of three and one-half percent of
16 operating fees shall be retained by the community and technical
17 colleges for the purposes of RCW 28B.15.820. At least thirty percent
18 of operating fees required to be retained by the four-year
19 institutions for purposes of RCW 28B.15.820 shall be used only for
20 the purposes of RCW 28B.15.820(10).

21 (2) In addition to the three and one-half percent of operating
22 fees retained by the institutions under subsection (1) of this
23 section, up to three percent of operating fees charged to students at
24 community and technical colleges shall be transferred to the
25 community and technical college innovation account for the
26 implementation of the college board's strategic technology plan in
27 RCW 28B.50.515. The percentage to be transferred to the community and
28 technical college innovation account shall be determined by the
29 college board each year but shall not exceed three percent of the
30 operating fees collected each year.

31 (3) Local operating fee accounts shall not be subject to
32 appropriation by the legislature but shall be subject to allotment
33 procedures by budget program and fiscal year under chapter 43.88 RCW.

34 **Sec. 2.** RCW 28B.15.066 and 2003 c 232 s 3 are each amended to
35 read as follows:

36 (~~It is the intent of the legislature that:~~
37 ~~In making appropriations from the state's general fund to~~
38 ~~institutions of higher education, each appropriation shall conform to~~
39 ~~the following:~~

1 ~~(1) The appropriation shall not be reduced by the amount of~~
2 ~~operating fees revenue estimated to be collected from students~~
3 ~~enrolled at the state-funded enrollment level specified in the~~
4 ~~omnibus biennial operating appropriations act;~~

5 ~~(2) The appropriation shall not be reduced by the amount of~~
6 ~~operating fees revenue collected from students enrolled above the~~
7 ~~state-funded level specified in the omnibus biennial operating~~
8 ~~appropriations act; and~~

9 ~~(3) The general fund state appropriation shall not be reduced by~~
10 ~~the amount of operating fees revenue collected as a result of waiving~~
11 ~~less operating fees revenue than the amounts authorized under RCW~~
12 ~~28B.15.910. State general fund appropriations shall not be provided~~
13 ~~for revenue foregone as a result of or for waivers granted under RCW~~

14 ~~28B.15.915-.) (1) Beginning with the 2015-2017 omnibus appropriations~~
15 ~~act, the legislature shall appropriate to the state board for~~
16 ~~community and technical colleges and to each of the four-year~~
17 ~~institutions of higher education an amount that is at least equal to~~
18 ~~the total state funds appropriated in the 2013-2015 biennium and the~~
19 ~~reduction in revenues from resident undergraduate tuition operating~~
20 ~~fees received for the 2015-2017 fiscal biennium under RCW 28B.15.067~~
21 ~~(3) and (6), each adjusted for inflation in subsequent biennia.~~

22 (2) As used in this section and RCW 28B.15.069, "inflation" shall
23 be based on the consumer price index, using the official current
24 base, compiled by the bureau of labor statistics, United States
25 department of labor for the state of Washington. If the bureau of
26 labor statistics develops more than one consumer price index for
27 areas within the state, the index covering the greatest number of
28 people and covering areas exclusively within the boundaries of the
29 state shall be used.

30 **Sec. 3.** RCW 28B.15.067 and 2013 2nd sp.s. c 4 s 958 are each
31 amended to read as follows:

32 (1) Tuition fees shall be established under the provisions of
33 this chapter.

34 (2) Beginning in the 2011-12 academic year and through the
35 2014-15 academic year, reductions or increases in full-time tuition
36 fees shall be as provided in the omnibus appropriations act for
37 resident undergraduate students at community and technical colleges.

38 (3) Beginning in the 2015-16 academic year, full-time tuition
39 operating fees for resident undergraduates at community and technical

1 colleges shall be no more than six percent of the state's average
2 wage as defined in RCW 50.04.355.

3 (4) The governing boards of the state universities, regional
4 universities, and The Evergreen State College; and the state board
5 for community and technical colleges may reduce or increase full-time
6 tuition fees for all students other than resident undergraduates,
7 including nonresident students, summer school students, and students
8 in other self-supporting degree programs. Percentage increases in
9 full-time tuition may exceed the fiscal growth factor. Except during
10 the 2013-2015 fiscal biennium, the state board for community and
11 technical colleges may pilot or institute differential tuition
12 models. The board may define scale, scope, and rationale for the
13 models.

14 ~~((+3))~~ (5)(a) Beginning with the 2011-12 academic year and
15 through the end of the 2014-15 academic year, the governing boards of
16 the state universities, the regional universities, and The Evergreen
17 State College may reduce or increase full-time tuition fees for all
18 students, including summer school students and students in other
19 self-supporting degree programs. Percentage increases in full-time
20 tuition fees may exceed the fiscal growth factor. Reductions or
21 increases may be made for all or portions of an institution's
22 programs, campuses, courses, or students; however, during the
23 2013-2015 fiscal biennium, reductions or increases in tuition must be
24 uniform among resident undergraduate students.

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

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

9 ~~((4))~~ (6) Beginning with the 2015-16 academic year ~~((through~~
10 ~~the 2018-19 academic year, the governing boards of the state~~
11 ~~universities, regional universities, and The Evergreen State College~~
12 ~~may set tuition for resident undergraduates as follows:~~

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

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

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

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

34 (5)), full-time tuition operating fees for resident
35 undergraduates at state universities shall be no more than fourteen
36 percent of the state's average wage as defined in RCW 50.04.355 and
37 full-time tuition operating fees for resident undergraduates at
38 regional universities and The Evergreen State College shall be no
39 more than ten percent of the state's average wage as defined in RCW
40 50.04.355.

1 (7) The tuition fees established under this chapter shall not
2 apply to high school students enrolling in participating institutions
3 of higher education under RCW 28A.600.300 through 28A.600.400.

4 ~~((6))~~ (8) The tuition fees established under this chapter shall
5 not apply to eligible students enrolling in a dropout reengagement
6 program through an interlocal agreement between a school district and
7 a community or technical college under RCW 28A.175.100 through
8 28A.175.110.

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

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

17 ~~(9))~~ (10) The legislative advisory committee to the committee on
18 advanced tuition payment established in RCW 28B.95.170 shall:

19 (a) Review the impact of differential tuition rates on the funded
20 status and future unit price of the Washington advanced college
21 tuition payment program; and

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

27 (11) As a result of any changes in tuition under section 3,
28 chapter ..., Laws of 2015 (this section), the state board for
29 community and technical colleges and the governing boards of the
30 state universities, the regional universities, and The Evergreen
31 State College shall not reduce resident undergraduate enrollment
32 below the 2014-15 academic year levels.

33 NEW SECTION. Sec. 4. A new section is added to chapter 28B.92
34 RCW to read as follows:

35 Beginning with the 2015-2017 omnibus appropriations act and each
36 biennium thereafter, reductions in tuition levels resulting from
37 section 3, chapter ..., Laws of 2015 (section 3 of this act) will
38 allow the legislature to reduce state need grant appropriations by an
39 equal amount from the 2013-2015 fiscal biennium amounts.

1 **Sec. 5.** RCW 28B.15.069 and 2013 2nd sp.s. c 4 s 959 are each
2 amended to read as follows:

3 (1) The building fee for each academic year shall be a percentage
4 of total tuition fees. This percentage shall be calculated by the
5 office of financial management and be based on the actual percentage
6 the building fee is of total tuition for each tuition category in the
7 1994-95 academic year, rounded up to the nearest half percent. After
8 the effective date of this section, the dollar value of the building
9 fee shall not be reduced below the level in the 2014-15 academic year
10 adjusted for inflation. As used in this subsection, "inflation" has
11 the meaning in RCW 28B.15.066(2).

12 (2) The governing boards of each institution of higher education,
13 except for the technical colleges, shall charge to and collect from
14 each student a services and activities fee. A governing board may
15 increase the existing fee annually, consistent with budgeting
16 procedures set forth in RCW 28B.15.045, by a percentage not to exceed
17 the annual percentage increase in student tuition fees for resident
18 undergraduate students: PROVIDED, That such percentage increase shall
19 not apply to that portion of the services and activities fee
20 previously committed to the repayment of bonded debt. These rate
21 adjustments may exceed the fiscal growth factor. For the 2013-2015
22 fiscal biennium, each governing board is authorized to increase the
23 services and activities fees by amounts judged reasonable and
24 necessary by the services and activities fee committee and the
25 governing board consistent with the budgeting procedures set forth in
26 RCW 28B.15.045. The services and activities fee committee provided
27 for in RCW 28B.15.045 may initiate a request to the governing board
28 for a fee increase.

29 (3) Tuition and services and activities fees consistent with
30 subsection (2) of this section shall be set by the state board for
31 community and technical colleges for community college summer school
32 students unless the community college charges fees in accordance with
33 RCW 28B.15.515.

34 (4) Subject to the limitations of RCW 28B.15.910, each governing
35 board of a community college may charge such fees for ungraded
36 courses, noncredit courses, community services courses, and self-
37 supporting courses as it, in its discretion, may determine,
38 consistent with the rules of the state board for community and
39 technical colleges.

1 (5) The governing board of a college offering an applied
2 baccalaureate degree program under RCW 28B.50.810 may charge tuition
3 fees for those courses above the associate degree level at rates
4 consistent with rules adopted by the state board for community and
5 technical colleges, not to exceed tuition fee rates at the regional
6 universities.

7 **Sec. 6.** RCW 28B.95.020 and 2012 c 229 s 606 are each reenacted
8 and amended to read as follows:

9 The definitions in this section apply throughout this chapter,
10 unless the context clearly requires otherwise.

11 (1) "Academic year" means the regular nine-month, three-quarter,
12 or two-semester period annually occurring between August 1st and July
13 31st.

14 (2) "Account" means the Washington advanced college tuition
15 payment program account established for the deposit of all money
16 received by the office from eligible purchasers and interest earnings
17 on investments of funds in the account, as well as for all
18 expenditures on behalf of eligible beneficiaries for the redemption
19 of tuition units and for the development of any authorized college
20 savings program pursuant to RCW 28B.95.150.

21 (3) "Committee on advanced tuition payment" or "committee" means
22 a committee of the following members: The state treasurer, the
23 director of the office of financial management, the director of the
24 office, or their designees, and two members to be appointed by the
25 governor, one representing program participants and one private
26 business representative with marketing, public relations, or
27 financial expertise.

28 (4) "Contractual obligation" means a legally binding contract of
29 the state with the purchaser and the beneficiary establishing that
30 purchases of tuition units will be worth the same number of tuition
31 units at the time of redemption as they were worth at the time of the
32 purchase, except as provided in RCW 28B.95.030(7).

33 (5) "Eligible beneficiary" means the person for whom the tuition
34 unit will be redeemed for attendance at an institution of higher
35 education. The beneficiary is that person named by the purchaser at
36 the time that a tuition unit contract is accepted by the governing
37 body. Qualified organizations, as allowed under section 529 of the
38 federal internal revenue code, purchasing tuition unit contracts as

1 future scholarships need not designate a beneficiary at the time of
2 purchase.

3 (6) "Eligible purchaser" means an individual or organization that
4 has entered into a tuition unit contract with the governing body for
5 the purchase of tuition units for an eligible beneficiary. The state
6 of Washington may be an eligible purchaser for purposes of purchasing
7 tuition units to be held for granting Washington college bound
8 scholarships.

9 (7) "Full-time tuition charges" means resident tuition charges at
10 a state institution of higher education for enrollments between ten
11 credits and eighteen credit hours per academic term.

12 (8) "Governing body" means the committee empowered by the
13 legislature to administer the Washington advanced college tuition
14 payment program.

15 (9) "Institution of higher education" means an institution that
16 offers education beyond the secondary level and is recognized by the
17 internal revenue service under chapter 529 of the internal revenue
18 code.

19 (10) "Investment board" means the state investment board as
20 defined in chapter 43.33A RCW.

21 (11) "Office" means the office of student financial assistance as
22 defined in chapter 28B.76 RCW.

23 (12) "State institution of higher education" means institutions
24 of higher education as defined in RCW 28B.10.016.

25 (13) "Tuition and fees" means undergraduate tuition and services
26 and activities fees as defined in RCW 28B.15.020 and 28B.15.041
27 rounded to the nearest whole dollar. For purposes of this chapter,
28 services and activities fees do not include fees charged for the
29 payment of bonds heretofore or hereafter issued for, or other
30 indebtedness incurred to pay, all or part of the cost of acquiring,
31 constructing, or installing any lands, buildings, or facilities.

32 (14) "Tuition unit contract" means a contract between an eligible
33 purchaser and the governing body, or a successor agency appointed for
34 administration of this chapter, for the purchase of tuition units for
35 a specified beneficiary that may be redeemed at a later date for an
36 equal number of tuition units, except as provided in RCW
37 28B.95.030(7).

38 (15) "Unit purchase price" means the minimum cost to purchase one
39 tuition unit for an eligible beneficiary. Generally, the minimum
40 purchase price is one percent of the undergraduate tuition and fees

1 for the current year, rounded to the nearest whole dollar, adjusted
2 for the costs of administration and adjusted to ensure the actuarial
3 soundness of the account. The analysis for price setting shall also
4 include, but not be limited to consideration of past and projected
5 patterns of tuition increases, program liability, past and projected
6 investment returns, and the need for a prudent stabilization reserve.

7 **Sec. 7.** RCW 28B.95.030 and 2011 1st sp.s. c 12 s 2 and 2011 1st
8 sp.s. c 11 s 170 are each reenacted and amended to read as follows:

9 (1) The Washington advanced college tuition payment program shall
10 be administered by the committee on advanced tuition payment which
11 shall be chaired by the director of the office. The committee shall
12 be supported by staff of the office.

13 (2)(a) The Washington advanced college tuition payment program
14 shall consist of the sale of tuition units, which may be redeemed by
15 the beneficiary at a future date for an equal number of tuition units
16 regardless of any increase in the price of tuition, that may have
17 occurred in the interval, except as provided in subsection (7) of
18 this section.

19 (b) Each purchase shall be worth a specific number of or fraction
20 of tuition units at each state institution of higher education as
21 determined by the governing body, except as provided in subsection
22 (7) of this section.

23 (c) The number of tuition units necessary to pay for a full
24 year's, full-time undergraduate tuition and fee charges at a state
25 institution of higher education shall be set by the governing body at
26 the time a purchaser enters into a tuition unit contract, except as
27 provided in subsection (7) of this section.

28 (d) The governing body may limit the number of tuition units
29 purchased by any one purchaser or on behalf of any one beneficiary,
30 however, no limit may be imposed that is less than that necessary to
31 achieve four years of full-time, undergraduate tuition charges at a
32 state institution of higher education. The governing body also may,
33 at its discretion, limit the number of participants, if needed, to
34 ensure the actuarial soundness and integrity of the program.

35 (e) While the Washington advanced college tuition payment program
36 is designed to help all citizens of the state of Washington, the
37 governing body may determine residency requirements for eligible
38 purchasers and eligible beneficiaries to ensure the actuarial
39 soundness and integrity of the program.

1 (3)(a) No tuition unit may be redeemed until two years after the
2 purchase of the unit. Units may be redeemed for enrollment at any
3 institution of higher education that is recognized by the internal
4 revenue service under chapter 529 of the internal revenue code.

5 (b) Units redeemed at a nonstate institution of higher education
6 or for graduate enrollment shall be redeemed at the rate for state
7 public institutions in effect at the time of redemption.

8 (4) The governing body shall determine the conditions under which
9 the tuition benefit may be transferred to another family member. In
10 permitting such transfers, the governing body may not allow the
11 tuition benefit to be bought, sold, bartered, or otherwise exchanged
12 for goods and services by either the beneficiary or the purchaser.

13 (5) The governing body shall administer the Washington advanced
14 college tuition payment program in a manner reasonably designed to be
15 actuarially sound, such that the assets of the trust will be
16 sufficient to defray the obligations of the trust including the costs
17 of administration. The governing body may, at its discretion,
18 discount the minimum purchase price for certain kinds of purchases
19 such as those from families with young children, as long as the
20 actuarial soundness of the account is not jeopardized.

21 (6) The governing body shall annually determine current value of
22 a tuition unit.

23 (7) In time for the 2015-16 academic year, the committee and the
24 governing body shall adjust the current value of all tuition units
25 purchased before the effective date of this section to ensure the
26 current value of the tuition units retain their total current dollar
27 value and are not decreased or diluted as a result of any changes in
28 tuition under section 3, chapter ..., Laws of 2015 (section 3 of this
29 act). The first notification to holders of tuition units after the
30 adjustment in this subsection is made must include a statement
31 concerning the adjustment.

32 (8) The governing body shall promote, advertise, and publicize
33 the Washington advanced college tuition payment program.

34 ((+8)) (9) In addition to any other powers conferred by this
35 chapter, the governing body may:

36 (a) Impose reasonable limits on the number of tuition units or
37 units that may be used in any one year;

38 (b) Determine and set any time limits, if necessary, for the use
39 of benefits under this chapter;

1 (c) Impose and collect administrative fees and charges in
2 connection with any transaction under this chapter;

3 (d) Appoint and use advisory committees and the state actuary as
4 needed to provide program direction and guidance;

5 (e) Formulate and adopt all other policies and rules necessary
6 for the efficient administration of the program;

7 (f) Consider the addition of an advanced payment program for room
8 and board contracts and also consider a college savings program;

9 (g) Purchase insurance from insurers licensed to do business in
10 the state, to provide for coverage against any loss in connection
11 with the account's property, assets, or activities or to further
12 insure the value of the tuition units;

13 (h) Make, execute, and deliver contracts, conveyances, and other
14 instruments necessary to the exercise and discharge of its powers and
15 duties under this chapter;

16 (i) Contract for the provision for all or part of the services
17 necessary for the management and operation of the program with other
18 state or nonstate entities authorized to do business in the state;

19 (j) Contract for other services or for goods needed by the
20 governing body in the conduct of its business under this chapter;

21 (k) Contract with financial consultants, actuaries, auditors, and
22 other consultants as necessary to carry out its responsibilities
23 under this chapter;

24 (l) Solicit and accept cash donations and grants from any person,
25 governmental agency, private business, or organization; and

26 (m) Perform all acts necessary and proper to carry out the duties
27 and responsibilities of this program under this chapter.

28 NEW SECTION. **Sec. 8.** The following acts or parts of acts are
29 each repealed:

30 (1) RCW 28B.15.068 (Tuition fees increase limitations—State
31 funding goals—Reports—"Global challenge states"—Notification of
32 availability of American opportunity tax credit) and 2012 c 229 s
33 525, 2012 c 229 s 524, 2011 1st sp.s. c 50 s 928, 2011 1st sp.s. c 10
34 s 7, 2009 c 540 s 1, & 2007 c 151 s 1; and

35 (2) RCW 28B.15.102 (Institutional tuition increases—Financial aid
36 offset—Reports—Resident first-year undergraduate enrollment at the
37 University of Washington, Seattle campus) and 2014 c 162 s 1, 2013 c
38 23 s 53, 2012 c 229 s 526, & 2011 1st sp.s. c 10 s 6.

1 NEW SECTION. **Sec. 9.** This act may be known and cited as the
2 college affordability program.

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