

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE HOUSE BILL 2061

56th Legislature
1999 Regular Session

Passed by the House April 19, 1999
Yeas 97 Nays 0

Speaker of the House of Representatives

Speaker of the House of Representatives

Passed by the Senate April 8, 1999
Yeas 47 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

We, Dean R. Foster and Timothy A. Martin, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 2061** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

Chief Clerk

FILED

**Secretary of State
State of Washington**

SECOND SUBSTITUTE HOUSE BILL 2061

AS AMENDED BY THE SENATE

Passed Legislature - 1999 Regular Session

State of Washington 56th Legislature 1999 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Kenney, Dunn, Lantz, Veloria and Carlson)

Read first time 03/08/1999.

1 AN ACT Relating to higher education, but only with respect to
2 tuition and fees at community colleges and residency requirements;
3 amending RCW 28B.15.100 and 28C.10.084; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature recognizes that certain
6 tuition policies may have an adverse impact on the unique role of
7 community colleges.

8 Therefore, it is the intent of the legislature to eliminate
9 impediments to the ability of community colleges to meet the diverse
10 needs of students and business interests.

11 **Sec. 2.** RCW 28B.15.100 and 1998 c 75 s 1 are each amended to read
12 as follows:

13 (1) The governing boards of the state universities, the regional
14 universities, The Evergreen State College, and the community colleges
15 shall charge to and collect from each of the students registering at
16 the particular institution for any quarter or semester such tuition
17 fees and services and activities fees, and other fees as such board
18 shall in its discretion determine. The total of all fees shall be

1 rounded to the nearest whole dollar amount: PROVIDED, That such
2 tuition fees for other than the summer term shall be in the amounts for
3 the respective institutions as otherwise set forth in RCW 28B.15.067.

4 (2) Part-time students shall be charged tuition and services and
5 activities fees proportionate to full-time student rates established
6 for residents and nonresidents: PROVIDED, That except for students
7 registered at community colleges, students registered for fewer than
8 two credit hours shall be charged tuition and services and activities
9 fees at the rate established for two credit hours: PROVIDED FURTHER,
10 That, subject to the limitations of RCW 28B.15.910, residents of Idaho
11 or Oregon who are enrolled in community college district number twenty
12 for six or fewer credits during any quarter or semester may be exempted
13 from payment of all or a portion of the nonresident tuition fees
14 differential upon a declaration by the higher education coordinating
15 board that it finds Washington residents from the community college
16 district are afforded substantially equivalent treatment by such other
17 states.

18 (3) Full-time students registered for more than eighteen credit
19 hours shall be charged an additional operating fee for each credit hour
20 in excess of eighteen hours at the applicable established per credit
21 hour tuition fee rate for part-time students: PROVIDED, That, subject
22 to the limitations of RCW 28B.15.910, the governing boards of the state
23 universities and the community colleges may exempt all or a portion of
24 the additional charge, for students who are registered exclusively in
25 first professional programs in medicine, dental medicine, veterinary
26 medicine, doctor of pharmacy, or law, or who are registered exclusively
27 in required courses in vocational preparatory programs.

28 **Sec. 3.** RCW 28C.10.084 and 1993 c 445 s 2 are each amended to read
29 as follows:

30 (1) The agency shall establish, maintain, and administer a tuition
31 recovery trust fund. All funds collected for the tuition recovery
32 trust fund are payable to the state for the benefit and protection of
33 any student or enrollee of a private vocational school licensed under
34 this chapter, or, in the case of a minor, his or her parents or
35 guardian, for purposes including but not limited to the settlement of
36 claims related to school closures under subsection (10) of this section
37 and the settlement of claims under RCW 28C.10.120. The fund shall be
38 liable for settlement of claims and costs of administration but shall

1 not be liable to pay out or recover penalties assessed under RCW
2 28C.10.130 or 28C.10.140. No liability accrues to the state of
3 Washington from claims made against the fund.

4 (2) By June 30, 1998, a minimum operating balance of one million
5 dollars shall be achieved in the fund and maintained thereafter. If
6 disbursements reduce the operating balance below two hundred thousand
7 dollars at any time before June 30, 1998, or below one million dollars
8 thereafter, each participating entity shall be assessed a pro rata
9 share of the deficiency created, based upon the incremental scale
10 created under subsection (6) of this section. The agency shall adopt
11 schedules of times and amounts for effecting payments of assessment.

12 (3) To be and remain licensed under this chapter each entity shall,
13 in addition to other requirements under this chapter, make cash
14 deposits into a tuition recovery trust fund as a means to assure
15 payment of claims brought under this chapter.

16 (4) The amount of liability that can be satisfied by this fund on
17 behalf of each individual entity licensed under this chapter shall be
18 established by the agency, based on an incremental scale that
19 recognizes the average amount of unearned prepaid tuition in possession
20 of the entity. However, the minimum amount of liability for any entity
21 shall not be less than five thousand dollars. The upper limit of
22 liability is reestablished after any disbursements are made to settle
23 an individual claim or class of claims.

24 (5) The fund's liability with respect to each participating entity
25 commences on the date of its initial deposit into the fund and ceases
26 one year from the date it is no longer licensed under this chapter.

27 (6) The agency shall adopt by rule a matrix for calculating the
28 deposits into the fund required of each entity. Proration shall be
29 determined by factoring the entity's share of liability in proportion
30 to the aggregated liability of all participants under the fund by
31 grouping such prorations under the incremental scale created by
32 subsection (4) of this section. Expressed as a percentage of the total
33 liability, that figure determines the amount to be contributed when
34 factored into a fund containing one million dollars. The total amount
35 of its prorated share, minus the amount paid for initial
36 capitalization, shall be payable in up to twenty increments over a ten-
37 year period, commencing with the sixth month after the entity makes its
38 initial capitalization deposit. Additionally, the agency shall require
39 deposits for initial capitalization, under which the amount each entity

1 deposits is proportionate to its share of two hundred thousand dollars,
2 employing the matrix developed under this subsection. The amount thus
3 established shall be deposited by each applicant for initial licensing
4 before the issuance of such license.

5 (7) No vested right or interests in deposited funds is created or
6 implied for the depositor, either at any time during the operation of
7 the fund or at any such future time that the fund may be dissolved.
8 All funds deposited are payable to the state for the purposes described
9 under this section. The agency shall maintain the fund, serve
10 appropriate notices to affected entities when scheduled deposits are
11 due, collect deposits, and make disbursements to settle claims against
12 the fund. When the aggregated deposits total five million dollars and
13 the history of disbursements justifies such modifications, the agency
14 may at its own option reduce the schedule of deposits whether as to
15 time, amount, or both and the agency may also entertain proposals from
16 among the licensees with regard to disbursing surplus funds for such
17 purposes as vocational scholarships.

18 (8) Based on annual financial data supplied by the entity the
19 agency shall determine whether the increment assigned to that entity on
20 the incremental scale established under subsection (6) of this section
21 has changed. If an increase or decrease in gross annual tuition income
22 has occurred, a corresponding change in its incremental position and
23 contribution schedule shall be made before the date of its next
24 scheduled deposit into the fund. Such adjustments shall only be
25 calculated and applied annually.

26 (9) No deposits made into the fund by an entity are transferable.
27 If the majority ownership interest in an entity is conveyed through
28 sale or other means into different ownership, all contributions made to
29 the date of transfer accrue to the fund. The new owner commences
30 contributions under provisions applying to a new applicant, except that
31 if ownership of an entity is transferred to an immediate family member,
32 all tuition recovery trust fund contributions shall remain with the
33 entity transferred, and no additional cash deposits may be required
34 beyond the original ten-year contribution cycle.

35 (10) To settle claims adjudicated under RCW 28C.10.120 and claims
36 resulting when a private vocational school ceases to provide
37 educational services, the agency may make disbursements from the fund.
38 Students enrolled under a training contract executed between a school
39 and a public or private agency or business are not eligible to make a

1 claim against the fund. In addition to the processes described for
2 making reimbursements related to claims under RCW 28C.10.120, the
3 following procedures are established to deal with reimbursements
4 related to school closures:

5 (a) The agency shall attempt to notify all potential claimants.
6 The unavailability of records and other circumstances surrounding a
7 school closure may make it impossible or unreasonable for the agency to
8 ascertain the names and whereabouts of each potential claimant but the
9 agency shall make reasonable inquiries to secure that information from
10 all likely sources. The agency shall then proceed to settle the claims
11 on the basis of information in its possession. The agency is not
12 responsible or liable for claims or for handling claims that may
13 subsequently appear or be discovered.

14 (b) Thirty days after identified potential claimants have been
15 notified, if a claimant refuses or neglects to file a claim
16 verification as requested in such notice, the agency shall be relieved
17 of further duty or action on behalf of the claimant under this chapter.

18 (c) After verification and review, the agency may disburse funds
19 from the tuition recovery trust fund to settle or compromise the
20 claims. However, the liability of the fund for claims against the
21 closed entity shall not exceed the maximum amount of liability assigned
22 to that entity under subsection (6) of this section.

23 (d) In the instance of claims against a closed school, the agency
24 shall seek to recover such disbursed funds from the assets of the
25 defaulted entity, including but not limited to asserting claims as a
26 creditor in bankruptcy proceedings.

27 (11) When funds are disbursed to settle claims against a current
28 licensee, the agency shall make demand upon the licensee for recovery.
29 The agency shall adopt schedules of times and amounts for effecting
30 recoveries. An entity's failure to perform subjects its license to
31 suspension or revocation under RCW 28C.10.050 in addition to any other
32 available remedies.

--- END ---