
SUBSTITUTE HOUSE BILL 1666

State of Washington

62nd Legislature

2011 Regular Session

By House Higher Education (originally sponsored by Representatives Seaquist, Haler, Carlyle, and Maxwell; by request of Governor Gregoire)

READ FIRST TIME 02/17/11.

1 AN ACT Relating to higher education; amending RCW 28B.15.067,
2 28B.15.068, 28B.76.270, 28B.76.020, and 28B.76.230; adding new sections
3 to chapter 28B.10 RCW; adding a new section to chapter 82.04 RCW;
4 adding a new section to chapter 82.16 RCW; adding a new section to
5 chapter 28B.76 RCW; adding a new section to chapter 28B.50 RCW;
6 creating a new section; adding a new chapter to Title 28B RCW; and
7 repealing RCW 28B.10.920, 28B.10.921, and 28B.10.922.

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

9 **PART I**

10 **GOALS**

11 NEW SECTION. **Sec. 101.** A new section is added to chapter 28B.10
12 RCW to read as follows:

13 (1) Beginning with the 2011-12 academic year, the four-year
14 institutions of higher education, while maintaining quality, shall work
15 toward achieving the following initial degree completion targets by
16 2018:

17 (a) Increasing the number of bachelor's degrees earned by

1 Washington's resident students from the 2010 levels by at least six
2 thousand degrees completed or by twenty-seven percent;

3 (b) Consistent with the priority for growing the number of
4 enrollments and degrees in the fields of engineering, technology,
5 biotechnology, sciences, computer sciences, and mathematics, at least
6 two thousand of the additional degrees in (a) of this subsection would
7 be awarded in the areas of science, which includes the health sciences,
8 technology, engineering, mathematics, natural resources/conservation,
9 biology, life sciences, and interdisciplinary sciences; and

10 (c) 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 (2) The bachelor degree completion targets in subsection (1) of
15 this section shall be updated by the higher education coordinating
16 board by September 1, 2012, and by September 1st every two years
17 thereafter based upon the state's changing population and economic
18 needs. Targets shall be set for five-year periods following the 2018
19 target.

20 **PART II**
21 **FUNDING**

22 **Sec. 201.** RCW 28B.15.067 and 2010 c 20 s 7 are each amended to
23 read as follows:

24 (1) Tuition fees shall be established under the provisions of this
25 chapter.

26 (2)(a) Beginning with the 2003-04 academic year and ending with the
27 2012-13 academic year, reductions or increases in full-time tuition
28 fees for resident undergraduates shall be as provided in the omnibus
29 appropriations act.

30 (b) Beginning with the 2013-14 academic year, reductions or
31 increases in full-time tuition fees for resident undergraduates at the
32 community and technical colleges shall be as provided in the omnibus
33 appropriations act.

34 (c) Beginning with the 2011-12 academic year, the governing boards
35 of the state universities, regional universities, and The Evergreen
36 State College may set tuition for resident undergraduates as follows:

1 (i) If state funding for a college or university falls below the
2 state funding provided in the operating budget for fiscal year 2008,
3 the governing board may increase tuition up to the limits set in (d) of
4 this subsection, reduce enrollments, or both;

5 (ii) If state funding for a college or university is at least at
6 the level of state funding provided in the operating budget for fiscal
7 year 2008, the governing board may increase tuition up to the limits
8 set in (d) of this subsection and shall continue to at least maintain
9 the actual enrollment levels for fiscal year 2008 or increase
10 enrollments as required in the omnibus appropriations act; and

11 (iii) If state funding is increased so that combined with tuition
12 the sixtieth percentile of the total per-student funding at similar
13 public institutions of higher education in the global challenge states
14 under RCW 28B.15.068 is exceeded, the governing board shall decrease
15 tuition by the amount needed for the total per-student funding to be at
16 the sixtieth percentile under RCW 28B.15.068.

17 (d) The amount of tuition for resident undergraduate students set
18 by the governing board for an institution under this subsection (2) may
19 not exceed the sixtieth percentile of the tuition for resident
20 undergraduate students of similar public institutions of higher
21 education in the global challenge states.

22 ~~(3)(a) ((Beginning with the 2003-04 academic year and ending with~~
23 ~~the 2012-13 academic year,))~~ The governing boards of the state
24 universities, the regional universities, The Evergreen State College,
25 and the state board for community and technical colleges may reduce or
26 increase full-time tuition fees for all students other than resident
27 undergraduates, including summer school students and students in other
28 self-supporting degree programs. Percentage increases in full-time
29 tuition fees may exceed the fiscal growth factor. Reductions or
30 increases may be made for all or portions of an institution's programs,
31 campuses, courses, or students.

32 (b) Prior to reducing or increasing tuition for each academic year,
33 the governing boards of the state universities, the regional
34 universities, and The Evergreen State College shall consult with
35 existing student associations or organizations with student
36 undergraduate and graduate representatives regarding the impacts of
37 potential tuition increases. Governing boards shall be required to

1 provide data regarding the percentage of students receiving financial
2 aid, the sources of aid, and the percentage of total costs of
3 attendance paid for by aid.

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

12 ~~((Academic year tuition for full-time students at the state's
13 institutions of higher education beginning with 2015-16, other than
14 summer term, shall be as charged during the 2014-15 academic year
15 unless different rates are adopted by the legislature.~~

16 ~~(+5))~~ The tuition fees established under this chapter shall not
17 apply to high school students enrolling in participating institutions
18 of higher education under RCW 28A.600.300 through 28A.600.400.

19 ~~((+6))~~ (5) The tuition fees established under this chapter shall
20 not apply to eligible students enrolling in a dropout reengagement
21 program through an interlocal agreement between a school district and
22 a community or technical college under RCW 28A.175.100 through
23 28A.175.110.

24 ~~((+7))~~ (6) The tuition fees established under this chapter shall
25 not apply to eligible students enrolling in a community or technical
26 college participating in the pilot program under RCW 28B.50.534 for the
27 purpose of obtaining a high school diploma.

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

33 ~~(+9) For the academic years 2003-04 through 2008-09, institutions of
34 higher education shall use an amount equivalent to ten percent of all
35 revenues received as a result of graduate academic school tuition
36 increases beginning in academic year 2003-04 through academic year
37 2008-09 to assist needy low and middle income resident graduate
38 academic students.~~

1 ~~(10) Any tuition increases above seven percent shall fund costs of~~
2 ~~instruction, library and student services, utilities and maintenance,~~
3 ~~other costs related to instruction as well as institutional financial~~
4 ~~aid. Through 2010-11, any funding reductions to instruction, library~~
5 ~~and student services, utilities and maintenance and other costs related~~
6 ~~to instruction shall be proportionally less than other program areas~~
7 ~~including administration.))~~

8 **Sec. 202.** RCW 28B.15.068 and 2009 c 540 s 1 are each amended to
9 read as follows:

10 ~~(1) ((Beginning with the 2007-08 academic year and ending with the~~
11 ~~2016-17 academic year,)) Tuition fees charged to full-time resident~~
12 ~~undergraduate students((, except in academic years 2009-10 and 2010-~~
13 ~~11,)) may increase no greater than seven percent over the previous~~
14 ~~academic year ((in any institution of higher education)) at community~~
15 ~~and technical colleges. Annual reductions or increases in full-time~~
16 ~~tuition fees for resident undergraduate students shall be as provided~~
17 ~~in the omnibus appropriations act, within the seven percent increase~~
18 ~~limit established in this section. ((For academic years 2009-10 and~~
19 ~~2010-11 the omnibus appropriations act may provide tuition increases~~
20 ~~greater than seven percent.)) To the extent that state appropriations~~
21 ~~combined with tuition and fee revenues are insufficient to achieve the~~
22 ~~total per-student funding goals established in subsection ((+2)) (3)~~
23 ~~of this section, the legislature may revisit state appropriations,~~
24 ~~authorized enrollment levels, and changes in tuition fees for any given~~
25 ~~fiscal year.~~

26 (2) Tuition fees charged to full-time resident undergraduate
27 students who enroll or are accepted to be enrolled in public interest
28 degrees in RCW 28B.76.020, may increase no greater than five percent
29 over the previous academic year in any institution of higher education.

30 (3) The state shall adopt as its goal total per-student funding
31 levels, from state appropriations plus tuition and fees, of at least
32 the sixtieth percentile of total per-student funding at similar public
33 institutions of higher education in the global challenge states. In
34 defining comparable per-student funding levels, the office of financial
35 management shall adjust for regional cost-of-living differences; for
36 differences in program offerings and in the relative mix of lower
37 division, upper division, and graduate students; and for accounting and

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

16 ~~((+3))~~ (4) By September 1st of each year beginning in 2008, the
17 office of financial management shall report to the governor, the higher
18 education coordinating board, and appropriate committees of the
19 legislature with updated estimates of the total per-student funding
20 level that represents the sixtieth percentile of funding for comparable
21 institutions of higher education in the global challenge states, and
22 the progress toward that goal that was made for each of the public
23 institutions of higher education.

24 ~~((+4))~~ (5) By September 1st of each year beginning in 2011, the
25 office of financial management shall report to the governor, the higher
26 education coordinating board, the boards of regents or trustees of the
27 four-year institutions of higher education, and appropriate committees
28 of the legislature with updated estimates of the undergraduate resident
29 tuition that represents the sixtieth percentile of tuition for the
30 comparable institutions of higher education in the global challenge
31 states.

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

1 appropriate. The office of financial management shall report its
2 findings to the governor and the legislature.

3 ~~((5) During the 2009-10 and the 2010-11 academic years,))~~ The
4 institutions of higher education shall include information on their
5 billing statements notifying students of available federal tax credits
6 ~~((available through the American opportunity tax credit provided in the
7 American recovery and reinvestment act of 2009)).~~

8 **PART III**

9 **WASHINGTON PLEDGE SCHOLARSHIP**

10 NEW SECTION. **Sec. 301.** The Washington pledge scholarship program
11 is established. The purpose of the program is to create an endowed
12 scholarship program that will help low and middle-income Washington
13 residents earn an undergraduate college education at Washington's two
14 and four-year institutions of higher education. The goal is to create
15 an endowment of one billion dollars by 2021. The program shall be
16 designed for both students starting at a two-year institution of higher
17 education and intending to transfer to a four-year institution of
18 higher education and students starting at a four-year institution of
19 higher education.

20 NEW SECTION. **Sec. 302.** The definitions in this section apply
21 throughout this chapter unless the context clearly requires otherwise.

- 22 (1) "Board" means the higher education coordinating board.
23 (2) "Program administrator" means the private nonprofit corporation
24 that is registered under Title 24 RCW and qualified as a tax-exempt
25 entity under section 501(c)(3) of the federal internal revenue code.
26 (3) "Resident student" means resident student as defined in RCW
27 28B.15.012.

28 NEW SECTION. **Sec. 303.** An eligible student is a student who:

- 29 (1) Is eligible for resident tuition and fee rates as defined in
30 RCW 28B.15.012;
31 (2) Has a family income at or below one hundred twenty-five percent
32 of the state median family at the time the student applies;
33 (3) Has declared the intention to earn a baccalaureate degree; and
34 (4) Is enrolled in an institution of higher education.

1 NEW SECTION. **Sec. 304.** The Washington pledge scholarship program
2 is created. The program shall be administered by the program
3 administrator under contract with the board. In administering the
4 program, the program administrator shall:

5 (1) Select students to receive a scholarship and in making the
6 selection the program administrator may establish an advisory
7 committee;

8 (2) Work with the board to adopt necessary rules and guidelines
9 including, but not limited to, setting the maximum amount of a
10 scholarship;

11 (3) Publicize the program;

12 (4) Accept and deposit donations into the endowment fund created in
13 section 306 of this act;

14 (5) Request from the state investment board and accept from the
15 state treasurer moneys earned from the endowment fund created in
16 section 306 of this act;

17 (6) Solicit and accept grants and donations from public and private
18 sources for the program; and

19 (7) Carry out other duties necessary to implement the program.

20 NEW SECTION. **Sec. 305.** The program administrator may award
21 scholarships to eligible students from moneys earned from the endowment
22 fund created in section 306 of this act, or from funds appropriated to
23 the program administrator for this purpose. An eligible recipient may
24 receive a Washington pledge scholarship for the equivalent of up to one
25 hundred eighty quarter credits, or the semester equivalent. A student
26 may receive a scholarship for a maximum of five years. The length of
27 the scholarship shall be determined by the program administrator. The
28 amount of the award may vary, but for an undergraduate student the
29 amount of the scholarship may not exceed the student's demonstrated
30 financial need. In calculating a student's need, the program
31 administrator must consider the student's costs for tuition, fees,
32 books, supplies, transportation, room, board, personal expenses, and
33 child care.

34 NEW SECTION. **Sec. 306.** (1) The Washington pledge endowment fund
35 is created in the custody of the state treasurer. The investment of
36 the endowment fund shall be managed by the state investment board.

1 (2) Private donations for the Washington pledge endowment fund
2 shall be deposited into the endowment fund. Funds received from any
3 other source may be deposited in the fund. Private moneys received as
4 a gift subject to conditions may be deposited into the endowment fund
5 if the conditions are consistent with the goals in section 101 of this
6 act and do not otherwise violate state or federal law.

7 (3) At the request of the program administrator, the state
8 investment board shall release earnings from the endowment fund to the
9 state treasurer. The state treasurer shall then release those funds at
10 the request of the program administrator for scholarships. No
11 appropriation is required for expenditures from the endowment fund.

12 (4) The program administrator may disburse grants to eligible
13 students from the Washington pledge endowment fund. No appropriation
14 is required for expenditures from the endowment fund.

15 (5) When notified by court order that a condition attached to a
16 gift of private moneys from the Washington pledge endowment fund has
17 failed, the program administrator shall release those moneys to the
18 donors according to the terms of the conditional gift.

19 (6) The principal of the Washington pledge endowment fund may not
20 be invaded. The release of funds under subsection (5) of this section
21 shall not be considered an invasion of the principal.

22 NEW SECTION. **Sec. 307.** A new section is added to chapter 82.04
23 RCW to read as follows:

24 (1) Subject to the limitations in this section, a credit is allowed
25 against the tax imposed under this chapter for contributions made by a
26 person to the Washington pledge endowment fund created in section 306
27 of this act. No credit may be claimed under this section for a
28 contribution if a credit has been claimed for that contribution under
29 section 308 of this act.

30 (2)(a) Credits may be earned under this section for contributions
31 made beginning July 1, 2011.

32 (b) The amount of the credit earned during a fiscal year is equal
33 to fifty percent of the taxpayer's total contribution during that
34 fiscal year.

35 (c)(i) Credits are earned on a first-come basis based on the time
36 a contribution is received as determined by the program administrator.

1 No credit may be earned under this section after the earlier of June
2 30, 2021, or when one billion dollars in total contributions have been
3 received by the Washington pledge endowment fund.

4 (ii) If a contribution to the Washington pledge endowment fund
5 causes the total contributions received by the Washington pledge
6 endowment fund to exceed one billion dollars, only that portion of the
7 contribution that causes the total contributions received by the
8 Washington pledge endowment fund to equal one billion dollars may be
9 considered a contribution for purposes of this section. The program
10 administrator must notify the department as soon as the total
11 contributions received by the Washington pledge endowment fund reach
12 one billion dollars.

13 (iii) For purposes of this subsection (2)(c) and subsection (9)(a)
14 of this section, "total contributions" means the cumulative amount of
15 all funds deposited into the Washington pledge endowment fund, from
16 whatever private or public sources, since July 1, 2011, as confirmed by
17 the program administrator.

18 (3) Credits earned under this section may only be claimed beginning
19 the later of January 1, 2014, or January 1st next following the end of
20 the fiscal year in which collections of state retail sales and use tax,
21 state business and occupation tax, and state public utility tax exceed,
22 by ten percent, the amounts collected from these tax sources in the
23 fiscal year that ended June 30, 2008, as determined by the department.
24 The department must post on its web site the date that credit may begin
25 to be claimed as prescribed in this subsection, at least sixty days
26 before such date. For purposes of this subsection (3), "state retail
27 sales and use tax" means the tax imposed in RCW 82.08.020(1) and the
28 tax imposed in RCW 82.12.020 at the rate provided in RCW 82.08.020(1).

29 (4)(a) Except as provided in this subsection, credits under this
30 section may only be claimed on a tax return filed electronically with
31 the department in a manner provided or approved by the department.
32 Amounts due on returns filed electronically as required by this
33 subsection must be paid electronically in a manner required or
34 authorized under RCW 82.32.080. Failure to comply with this subsection
35 does not result in the loss of the credit but will result in the
36 disallowance of the credit for the reporting period for which the
37 taxpayer failed to comply with this subsection. The department may

1 waive the electronic filing and payment requirements in this subsection
2 for the reasons provided in RCW 82.32.080(8).

3 (b) The amount of credit claimed for a reporting period may not
4 exceed the tax otherwise due under this chapter for that reporting
5 period.

6 (5) Credits are available on a first-come basis based on the time
7 a tax return is received by the department on which the credit is
8 claimed, regardless of when the credit was earned. The department must
9 disallow any credits, or portion thereof, that would cause the
10 cumulative amount of credits claimed under this section and section 308
11 of this act during any fiscal year to exceed fifty million dollars.

12 (6)(a) If credits are claimed in excess of the dollar limits in
13 subsection (2)(c)(ii) or (5) of this section, the department must
14 provide written notice to any person that has claimed tax credits in
15 excess of these limits. The notice must indicate the amount of tax due
16 and provide that the tax be paid within thirty days from the date of
17 such notice. The department may not assess penalties and interest as
18 provided in chapter 82.32 RCW on the amount of tax due if:

19 (i) The person would have otherwise been entitled to the credit if
20 not for the limit in either subsection (2)(c)(ii) or (5) of this
21 section; and

22 (ii) The amount due is paid by the due date specified in the
23 initial notice, or any extension granted by the department.

24 (b) RCW 82.32.135 applies to the notice required by (a) of this
25 subsection.

26 (7) Subject to subsection (10) of this section, unused credit may
27 be carried forward and claimed in subsequent tax years until used. No
28 refunds may be granted for any unused credits.

29 (8) No application is necessary for the tax credit provided by this
30 section. Persons claiming credit under this section must keep records
31 necessary for the department to verify eligibility under this section.

32 (9)(a) Annually, the program administrator must provide the
33 department with a list of contributors to the Washington pledge
34 endowment fund during the preceding fiscal year. The list must include
35 the following information about each contributor: The contributor's
36 name; unified business identifier number or department of revenue tax
37 registration number, if available; address; telephone number; contact
38 person; and the amount and date of the donation. The list is due by

1 September 1st of each year, beginning in 2012 and continuing until the
2 earlier of September 1, 2021, or September 1st next following the
3 fiscal year in which total contributions received by the Washington
4 pledge endowment fund reach one billion dollars.

5 (b) The program administrator must also provide the department,
6 upon request, any other information needed to verify claims for credit
7 under this section or section 308 of this act.

8 (10) No credit under this section may be claimed after June 30,
9 2023, including on any original or amended tax return filed after June
10 30, 2023, for a reporting period beginning before July 1, 2023.

11 (11) Unless the context clearly requires otherwise, the definitions
12 in this subsection apply throughout this section.

13 (a) "Contribution" means a monetary contribution.

14 (b) "Fiscal year" means the year beginning July 1st and ending the
15 following June 30th.

16 NEW SECTION. **Sec. 308.** A new section is added to chapter 82.16
17 RCW to read as follows:

18 (1) Subject to all of the same conditions and limitations
19 applicable to the tax credit in section 307 of this act, a credit is
20 allowed against the tax imposed by this chapter for contributions made
21 by a person to the Washington pledge endowment fund created in section
22 306 of this act.

23 (2) No credit may be claimed under this section for a contribution
24 if a credit has been claimed for that contribution under section 307 of
25 this act.

26 **PART IV**

27 **PERFORMANCE AND ACCOUNTABILITY**

28 **Sec. 401.** RCW 28B.76.270 and 2004 c 275 s 11 are each amended to
29 read as follows:

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

34 (2) ~~((Based on guidelines prepared by the board, each four-year
35 institution and the state board for community and technical colleges~~

1 shall submit a biennial plan to achieve measurable and specific
2 improvements each academic year on statewide and institution-specific
3 performance measures. Plans shall be submitted to the board along with
4 the biennial budget requests from the institutions and the state board
5 for community and technical colleges. Performance measures established
6 for the community and technical colleges shall reflect the role and
7 mission of the colleges.

8 (3) The board shall approve biennial performance targets for each
9 four-year institution and for the community and technical college
10 system and shall review actual achievements annually. The state board
11 for community and technical colleges shall set biennial performance
12 targets for each college or district, where appropriate.

13 (4)) To provide consistent easily understood data among the public
14 four-year institutions of higher education within Washington and in
15 other states, the following data must be reported annually and at a
16 minimum include data recommended by a national organization
17 representing state chief executives. This data must include the
18 following for the four-year institutions of higher education and the
19 board may change the data requirements to be consistent with best
20 practices across the country:

21 (a) Bachelor's degrees awarded;

22 (b) Degrees awarded in the physical and health sciences,
23 technology, engineering, mathematics, natural resources/conservation,
24 biology, life sciences, and interdisciplinary sciences;

25 (c) Graduate/professional degrees awarded;

26 (d) STEM participation and completion: Program participation and
27 degree completion rates in bachelor and advanced degree programs in the
28 sciences, technology, engineering, and mathematics disciplines,
29 including participation and completion rates of students from
30 traditionally underrepresented populations;

31 (e) Graduation rates: The number and percentage of students who
32 graduate within four years for bachelor's degrees and within the
33 extended time, which is six years for bachelor's degrees;

34 (f) Transfer rates: The annual number and percentage of students
35 who transfer from a two-year to a four-year institution of higher
36 education;

37 (g) Time and credits to degree: The average length of time in

1 years and average number of credits that graduating students took to
2 earn a bachelor's degree;

3 (h) Enrollment in remedial education: The number and percentage of
4 entering first-time undergraduate students who place into and enroll in
5 remedial mathematics, English, or both;

6 (i) Success beyond remedial education: The number and percentage
7 of entering first-time undergraduate students who complete entry
8 college-level math and English courses within the first two consecutive
9 academic years;

10 (j) Credit accumulation: The number and percentage of first-time
11 undergraduate students completing two quarters or one semester worth of
12 credit during their first academic year;

13 (k) Retention rates: The number and percentage of entering
14 undergraduate students who enroll consecutively from fall-to-spring and
15 fall-to-fall at an institution of higher education;

16 (l) Course completion: The percentage of credit hours completed
17 out of those attempted during an academic year;

18 (m) Annual enrollment: Annual unduplicated number of students
19 enrolled over a twelve-month period at institutions of higher
20 education;

21 (n) Annual first-time enrollment: Total first-time undergraduate
22 students enrolled in an institution of higher education;

23 (o) Completion ratio: Annual ratio of undergraduate degrees and
24 certificates, of at least one year in expected length, awarded per one
25 hundred full-time equivalent undergraduate students at the state level;
26 and

27 (p) Market penetration: Annual ratio of undergraduate degrees and
28 certificates, of at least one year in program length, awarded relative
29 to the state's population age eighteen to twenty-four years old with a
30 high school diploma.

31 (3) Each four-year institution of higher education shall report the
32 data required under this section to the board and submit the plan
33 required under section 406 of this act.

34 (4) The board shall review the data, analyze the data including
35 changes over time, and prepare reports based upon that data. The board
36 shall report each institution's performance improvement under the
37 baccalaureate degree incentive program under section 405 of this act.

1 (5) The board shall submit a report on progress towards the
2 statewide goals, with recommendations for the ensuing biennium, to the
3 fiscal and higher education committees of the legislature along with
4 the board's biennial budget recommendations.

5 (~~(+5)~~) (6) The board, in collaboration with the four-year
6 institutions and the state board for community and technical colleges,
7 shall periodically review and update the accountability monitoring and
8 reporting system.

9 (~~(+6)~~) (7) The board shall develop measurable indicators and
10 benchmarks for its own performance regarding cost, quantity, quality,
11 and timeliness and including the performance of committees and advisory
12 groups convened under this chapter to accomplish such tasks as
13 improving transfer and articulation, improving articulation with the K-
14 12 education system, measuring educational costs, or developing data
15 protocols. The board shall submit its accountability plan to the
16 legislature concurrently with the biennial report on institution
17 progress.

18 **Sec. 402.** RCW 28B.76.020 and 2010 c 245 s 4 are each amended to
19 read as follows:

20 The definitions in this section apply throughout this chapter
21 unless the context clearly requires otherwise.

22 (1) "Board" means the higher education coordinating board.

23 (2) "Four-year institutions" means the University of Washington,
24 Washington State University, Central Washington University, Eastern
25 Washington University, Western Washington University, and The Evergreen
26 State College.

27 (3) "Major expansion" means expansion of the higher education
28 system that requires significant new capital investment, including
29 building new institutions, campuses, branches, or centers or conversion
30 of existing campuses, branches, or centers that would result in a
31 mission change.

32 (4) "Mission change" means a change in the level of degree awarded
33 or institutional type not currently authorized in statute.

34 (5) "Public interest degrees" means associate, baccalaureate, or
35 graduate degrees in the following fields: Science, technology,
36 engineering, and mathematics fields that include agriculture and
37 natural resources, biology and biomedical sciences, computer and

1 information sciences, engineering and engineering technologies, health
2 professions and clinical sciences, mathematics and statistics, and
3 physical sciences and science technologies.

4 **Sec. 403.** RCW 28B.76.230 and 2010 c 245 s 5 are each amended to
5 read as follows:

6 (1) The board shall develop a comprehensive and ongoing assessment
7 process to analyze the need for additional degrees and programs,
8 additional off-campus centers and locations for degree programs, and
9 consolidation or elimination of programs by the four-year institutions.
10 Board recommendations regarding proposed major expansion shall be
11 limited to determinations of whether the major expansion is within the
12 scope indicated in the most recent strategic master plan for higher
13 education or most recent system design plan. Recommendations regarding
14 existing capital prioritization processes are not within the scope of
15 the evaluation of major expansion. Major expansion and proposed
16 mission changes may be proposed by the board, any public institution of
17 higher education, or by a state or local government.

18 (2) As part of the needs assessment process, the board shall
19 examine:

20 (a) Projections of student, employer, and community demand for
21 education and degrees, including liberal arts degrees, on a regional
22 and statewide basis;

23 (b) Current and projected degree programs and enrollment at public
24 and private institutions of higher education, by location and mode of
25 service delivery;

26 (c) Data from the workforce training and education coordinating
27 board and the state board for community and technical colleges on the
28 supply and demand for workforce education and certificates and
29 associate degrees; and

30 (d) Recommendations from the technology transformation task force
31 created in chapter 407, Laws of 2009, and institutions of higher
32 education relative to the strategic and operational use of technology
33 in higher education. These and other reports, reviews, and audits
34 shall allow for: The development of enterprise-wide digital
35 information technology across educational sectors, systems, and
36 delivery methods; the integration and streamlining of administrative
37 tools including but not limited to student information management,

1 financial management, payroll, human resources, data collection,
2 reporting, and analysis; and a determination of the costs of multiple
3 technology platforms, systems, and models.

4 (3) Every two years the board shall produce, jointly with the state
5 board for community and technical colleges and the workforce training
6 and education coordinating board, an assessment of the number and type
7 of higher education and training credentials required to match employer
8 demand for a skilled and educated workforce. The assessment shall
9 include the number of forecasted net job openings at each level of
10 higher education and training and the number of credentials needed to
11 match the forecast of net job openings.

12 (4) Before enrolling students each academic year, the board shall
13 identify which programs qualify as public interest degrees in RCW
14 28B.76.020 for which students may enroll at reduced tuition rates in
15 RCW 28B.15.068.

16 (5) The board shall determine whether certain major lines of study
17 or types of degrees, including applied degrees or research-oriented
18 degrees, shall be assigned uniquely to some institutions or
19 institutional sectors in order to create centers of excellence that
20 focus resources and expertise.

21 ((+5)) (6) The following activities are subject to approval by the
22 board:

- 23 (a) New degree programs by a four-year institution;
- 24 (b) Creation of any off-campus program by a four-year institution;
- 25 (c) Purchase or lease of major off-campus facilities by a four-year
26 institution or a community or technical college;
- 27 (d) Creation of higher education centers and consortia;
- 28 (e) New degree programs and creation of off-campus programs by an
29 independent college or university in collaboration with a community or
30 technical college; and
- 31 (f) Applied baccalaureate degree programs developed by colleges
32 under RCW 28B.50.810.

33 ((+6)) (7) Institutions seeking board approval under this section
34 must demonstrate that the proposal is justified by the needs assessment
35 developed under this section. Institutions must also demonstrate how
36 the proposals align with or implement the statewide strategic master
37 plan for higher education under RCW 28B.76.200.

1 ~~((7))~~ (8) The board shall develop clear guidelines and objective
2 decision-making criteria regarding approval of proposals under this
3 section, which must include review and consultation with the
4 institution and other interested agencies and individuals.

5 ~~((8))~~ (9) The board shall periodically recommend consolidation or
6 elimination of programs at the four-year institutions, based on the
7 needs assessment analysis.

8 ~~((9))~~ (10) In the case of a proposed major expansion or mission
9 change, the needs assessment process under subsection (2) of this
10 section constitutes a threshold inquiry. If the board determines that
11 the need for the proposed major expansion or mission change has not
12 been justified, the inquiry is concluded. If the board determines that
13 the need for the proposed major expansion or mission change has been
14 sufficiently established, the board, in consultation with any directly
15 involved institutions and other interested agencies and individuals,
16 shall proceed to examine the viability of the proposal using criteria
17 including, but not limited to:

18 (a) The specific scope of the project including the capital
19 investment requirements, the number of full-time equivalent students
20 anticipated, and the number of academic programs planned;

21 (b) The existence of an efficient and sustainable financial plan;

22 (c) The extent to which existing resources can be leveraged;

23 (d) The current and five-year projected student population,
24 faculty, and staff to support the proposed programs, institution, or
25 innovation;

26 (e) The plans to accommodate expected growth over a twenty-year
27 time frame;

28 (f) The extent to which new or existing partnerships and
29 collaborations are a part of the proposal; and

30 (g) The feasibility of any proposed innovations to accelerate
31 degree production.

32 ~~((10))~~ (11) After the board completes its evaluation of the
33 proposed major expansion or mission change using the needs assessment
34 under subsection (2) of this section and viability determination under
35 subsection ~~((9))~~ (10) of this section, the board shall make a
36 recommendation to either proceed, modify, or not proceed with the
37 proposed major expansion or mission change. The board's recommendation
38 shall be presented to the governor and the legislature.

1 NEW SECTION. **Sec. 404.** (1)(a) The task force on public interest
2 degrees is established, with members as provided in this subsection.

3 (i) The president of the senate shall appoint two members from each
4 of the two largest caucuses of the senate.

5 (ii) The speaker of the house of representatives shall appoint two
6 members from each of the two largest caucuses of the house of
7 representatives.

8 (iii) The governor shall appoint four members representing the
9 higher education coordinating board, the state board for community and
10 technical colleges, the employment security department, and the
11 workforce training and education coordinating board.

12 (b) The task force shall choose its cochairs from among its
13 legislative membership.

14 (2) The task force shall review and make recommendations on the
15 following:

16 (a) Modifications to public interest degrees in RCW 28B.76.020; and

17 (b) Policies that increase the ability of public and private
18 institutions of higher education to prepare Washington citizens with
19 the higher education qualifications that are in the public interest.

20 (3) Senate committee services and house of representatives office
21 of program research shall provide staff support for the task force.

22 (4) Legislative members of the task force are reimbursed for travel
23 expenses in accordance with RCW 44.04.120. Nonlegislative members are
24 entitled to be reimbursed for travel expenses in accordance with RCW
25 43.03.050 and 43.03.060.

26 (5) The expenses of the task force must be paid jointly by the
27 senate and the house of representatives. Task force expenditures are
28 subject to approval by the senate facilities and operations committee
29 and the house executive rules committee, or their successor committees.

30 (6) The task force shall report its findings and recommendations to
31 the governor and the appropriate committees of the legislature by
32 November 30, 2011.

33 NEW SECTION. **Sec. 405.** A new section is added to chapter 28B.76
34 RCW to read as follows:

35 The board shall establish a baccalaureate degree incentive program.
36 To the extent funds are available, awards shall be made beginning with
37 the 2012-2013 fiscal year. The board, in collaboration with the

1 institutions of higher education, the council of presidents, and the
2 education data center, shall design the program to provide awards for
3 four-year institutions of higher education based upon each
4 institution's individual performance improvement goals on a set of
5 measures. The measures must initially include:

- 6 (1) The total number of undergraduate degrees completed;
- 7 (2) Increases in the number of degrees awarded in the physical and
8 health sciences, technology, engineering, mathematics, natural
9 resources/conservation, biology, life sciences, and interdisciplinary
10 sciences;
- 11 (3) Increases in the retention of first-year students receiving
12 need-based assistance not including students who transfer to another
13 institution of higher education; and
- 14 (4) The number of excess credits taken beyond what is required to
15 earn a bachelor's degree.

16 NEW SECTION. **Sec. 406.** A new section is added to chapter 28B.10
17 RCW to read as follows:

18 Each four-year institution of higher education must develop
19 specific action plans to reach the goals under section 101 of this act
20 and to improve cost-effectiveness and efficiency. The individual
21 institutions must develop their campus plans recognizing the role of
22 their campus as part of the system of public higher education. The
23 plan and the results shall be reported biennially to the governor, the
24 legislature, and the higher education coordinating board. Institutions
25 must report on innovations used, which may include but are not limited
26 to:

- 27 (1) The innovative use of technology in instruction, particularly
28 for large introductory courses;
- 29 (2) Increasing administrative efficiencies among the institutions
30 and campuses;
- 31 (3) Eliminating underused majors and courses;
- 32 (4) Creating three-year bachelor degree programs;
- 33 (5) Increasing tuition for students taking credits beyond those
34 needed to earn a degree;
- 35 (6) Recognizing prior learning experiences based on competency
36 assessments; and

1 (7) Recognizing transfer credits, particularly credits earned in
2 academic programs at two-year and four-year institutions.

3 NEW SECTION. **Sec. 407.** A new section is added to chapter 28B.10
4 RCW to read as follows:

5 (1) A graduate of a community or technical college in this state
6 who has earned a transferrable associate of arts or sciences degree
7 when admitted to a four-year institution of higher education shall have
8 junior standing and shall be deemed to have met the lower division
9 general education requirements of that institution.

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

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

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

32 (5) Each four-year institution of higher education must publish a
33 list of recommended courses for each academic major designed to help
34 students who are planning to transfer design their course of study.

35 NEW SECTION. **Sec. 408.** A new section is added to chapter 28B.50
36 RCW to read as follows:

1 (1) Community and technical colleges must identify and publish in
2 their admissions materials the college level courses that are
3 recognized by all four-year institutions of higher education as
4 transferring to the four-year institutions of higher education.
5 Publication of the list of courses must be easily identified and
6 accessible on the college's web site.

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

10 (a) A one-year academic completion certificate as provided for
11 under section 407 of this act; and

12 (b) A transferrable associate of arts or sciences degree as
13 provided for under section 407 of this act.

14 (3) To the extent possible, each community and technical college
15 must develop links between the lists in subsections (1) and (2) of this
16 section and its list of courses, and develop methods to encourage
17 students to check the lists in subsections (1) and (2) of this section
18 when the students are registering for courses.

19 **PART V**

20 **MISCELLANEOUS PROVISIONS**

21 NEW SECTION. **Sec. 501.** The following acts or parts of acts are
22 each repealed:

23 (1) RCW 28B.10.920 (Performance agreements--Generally) and 2008 c
24 160 s 2;

25 (2) RCW 28B.10.921 (Performance agreements--Contents) and 2008 c
26 160 s 3; and

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

30 NEW SECTION. **Sec. 502.** Sections 301 through 306 of this act
31 constitute a new chapter in Title 28B RCW.

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