
HOUSE BILL 1795

State of Washington

62nd Legislature

2011 Regular Session

By Representatives Carlyle, Sequist, Haler, Reykdal, Rolfes, Probst, Morris, Sells, Pedersen, Jacks, Hudgins, Maxwell, and Frockt

Read first time 02/02/11. Referred to Committee on Higher Education.

1 AN ACT Relating to the higher education opportunity act; amending
2 RCW 28B.15.067, 28B.15.068, 28B.76.270, 28B.92.060, and 28B.95.150;
3 adding a new section to chapter 28B.10 RCW; creating new sections; and
4 repealing RCW 28B.10.920, 28B.10.921, and 28B.10.922.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that in the
7 knowledge-based, globally interdependent economy of the twenty-first
8 century, postsecondary education is the most indispensable form of
9 currency. Public institutions of higher education are drivers of
10 economic growth and job creation and incubators for innovation.
11 However, at the same time, the legislature finds that Washington state
12 is experiencing a profound structural shift in the funding of higher
13 education. State support has declined dramatically over the past
14 twenty years, thereby necessitating increases in tuition to supplant
15 the support of higher education from general taxpayers. The problem
16 faced by all stakeholders - students and their families, institutions,
17 and policymakers - is insufficient visibility into the use of locally
18 retained tuition dollars. There is little transparency regarding

1 whether increasing tuition dollars gives students, their families, and
2 Washington taxpayers a high-value return on investment.

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

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

6 (b) Establish a clear nexus between tuition dollars and improved
7 productivity and greater accountability of public institutions of
8 higher education; and

9 (c) Create a modern and robust higher education financial system
10 that funds outcomes and results rather than input and process.

11 **Sec. 2.** RCW 28B.15.067 and 2010 c 20 s 7 are each amended to read
12 as follows:

13 (1) Tuition fees shall be established under the provisions of this
14 chapter.

15 (2) ~~((Beginning with the 2003-04 academic year and ending with the~~
16 ~~2012-13 academic year, reductions or increases in full-time tuition~~
17 ~~fees for resident undergraduates shall be as provided in the omnibus~~
18 ~~appropriations act)) Beginning in the 2011-12 academic year, reductions~~
19 ~~or increases in full-time tuition fees shall be as provided in the~~
20 ~~omnibus appropriations act for resident undergraduate students at~~
21 ~~community and technical colleges. If the state board for community and~~
22 ~~technical colleges does not raise tuition up to the limit provided in~~
23 ~~the omnibus appropriations act, the individual governing boards of each~~
24 ~~community and technical college may raise tuition at their institution~~
25 ~~up to the limit.~~

26 (3)(a) Beginning with the ~~((2003-04))~~ 2011-12 academic year and
27 ending with the ~~((2012-13))~~ 2015-16 academic year, the governing boards
28 of the state universities, the regional universities, and The Evergreen
29 State College ~~((, and the state board for community and technical~~
30 ~~colleges))~~ may reduce or increase full-time tuition fees for all
31 students ~~((other than resident undergraduates))~~, including summer
32 school students and students in other self-supporting degree programs.
33 Percentage increases in full-time tuition fees may exceed the fiscal
34 growth factor. Reductions or increases may be made for all or portions
35 of an institution's programs, campuses, courses, or students. This
36 subsection (3)(a) applies to the state board for community and

1 technical colleges for all nonresident students, summer school
2 students, and students in other self-supporting programs.

3 (b) Prior to reducing or increasing tuition for each academic year,
4 the governing boards of the state universities, the regional
5 universities, and The Evergreen State College shall consult with
6 existing student associations or organizations with student
7 undergraduate and graduate representatives regarding the impacts of
8 potential tuition increases. Governing boards shall be required to
9 provide data regarding the percentage of students receiving financial
10 aid, the sources of aid, and the percentage of total costs of
11 attendance paid for by aid.

12 (c) Prior to reducing or increasing tuition for each academic year,
13 each college in the state board for community and technical college
14 system shall consult with existing student associations or
15 organizations with undergraduate student representation regarding the
16 impacts of potential tuition increases. Colleges shall provide data
17 regarding the percentage of students receiving financial aid, the
18 sources of aid, and the percentage of total costs of attendance paid
19 for by aid.

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

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

27 ~~((6))~~ (5) The tuition fees established under this chapter shall
28 not apply to eligible students enrolling in a dropout reengagement
29 program through an interlocal agreement between a school district and
30 a community or technical college under RCW 28A.175.100 through
31 28A.175.110.

32 ~~((7))~~ (6) The tuition fees established under this chapter shall
33 not apply to eligible students enrolling in a community or technical
34 college participating in the pilot program under RCW 28B.50.534 for the
35 purpose of obtaining a high school diploma.

36 ~~((8) For the academic years 2003-04 through 2008-09, the~~
37 ~~University of Washington shall use an amount equivalent to ten percent~~

1 of all revenues received as a result of law school tuition increases
2 beginning in academic year 2000-01 through academic year 2008-09 to
3 assist needy low and middle income resident law students.

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

10 (10) Any tuition increases above seven percent shall fund costs of
11 instruction, library and student services, utilities and maintenance,
12 other costs related to instruction as well as institutional financial
13 aid. Through 2010-11, any funding reductions to instruction, library
14 and student services, utilities and maintenance and other costs related
15 to instruction shall be proportionally less than other program areas
16 including administration.)

17 (7) Beginning January 1, 2012, each four-year institution of higher
18 education that raises tuition above seven percent must retain half of
19 the additional revenue for the express purpose of supporting financial
20 aid programs for middle class students with incomes up to one hundred
21 twenty-five percent of the median family income and mitigating the
22 effect of tuition increases for the middle class.

23 **Sec. 3.** RCW 28B.15.068 and 2009 c 540 s 1 are each amended to read
24 as follows:

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

1 in subsection (2) of this section, the legislature may revisit state
2 appropriations, authorized enrollment levels, and changes in tuition
3 fees for any given fiscal year.

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

27 (3) By September 1st of each year beginning in 2008, the office of
28 financial management shall report to the governor, the higher education
29 coordinating board, and appropriate committees of the legislature with
30 updated estimates of the total per-student funding level that
31 represents the sixtieth percentile of funding for comparable
32 institutions of higher education in the global challenge states, and
33 the progress toward that goal that was made for each of the public
34 institutions of higher education.

35 (4) As used in this section, "global challenge states" are the top
36 performing states on the new economy index published by the progressive
37 policy institute as of July 22, 2007. The new economy index ranks
38 states on indicators of their potential to compete in the new economy.

1 At least once every five years, the office of financial management
2 shall determine if changes to the list of global challenge states are
3 appropriate. The office of financial management shall report its
4 findings to the governor and the legislature.

5 (5)(a) During the ((2009-10)) 2011-12 and the ((2010-11)) 2012-13
6 academic years, institutions of higher education shall include
7 information on their billing statements notifying students of tax
8 credits available through the American opportunity tax credit provided
9 in the American recovery and reinvestment act of 2009, the lifetime
10 learning credit and other relevant tax credits available to mitigate
11 the costs of attending college. All institutions of higher education
12 and the higher education coordinating board shall use all reasonable
13 means of communication such as web sites, online catalogues, admission
14 and registration forms, among other methods to communicate the tax
15 credits available to students.

16 (b) All four-year institutions of higher education and the state
17 board for community and technical colleges shall report to the higher
18 education coordinating board on the methods used to communicate tax
19 credits to students by November 30, 2011, and October 30, 2012. The
20 higher education coordinating board shall report to the legislature on
21 the types of methods used to communicate tax credits available to
22 students and recommendations on effectiveness by January 1, 2013.

23 **Sec. 4.** RCW 28B.76.270 and 2004 c 275 s 11 are each amended to
24 read as follows:

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

29 (2) To provide consistent, easily understood data among the public
30 four-year institutions of higher education within Washington and in
31 other states, the following data must be reported annually and at a
32 minimum include data recommended by a national organization
33 representing state chief executives. This data must include the
34 following for the four-year institutions of higher education and the
35 board may change the data requirements to be consistent with best
36 practices across the country:

37 (a) Bachelor's degrees awarded;

1 (b) Graduation rates: The number and percentage of students who
2 graduate within four years for bachelor's degrees and within the
3 extended time, which is six years for bachelor's degrees;

4 (c) Transfer rates: The annual number and percentage of students
5 who transfer from a two-year to a four-year institution of higher
6 education;

7 (d) Time and credits to degree: The average length of time in
8 years and average number of credits that graduating students took to
9 earn a bachelor's degree;

10 (e) Enrollment in remedial education: The number and percentage of
11 entering first-time undergraduate students who place into and enroll in
12 remedial mathematics, English, or both;

13 (f) Success beyond remedial education: The number and percentage
14 of entering first-time undergraduate students who complete entry
15 college-level math and English courses within the first two consecutive
16 academic years;

17 (g) Credit accumulation: The number and percentage of first-time
18 undergraduate students completing two quarters or one semester worth of
19 credit during their first academic year;

20 (h) Retention rates: The number and percentage of entering
21 undergraduate students who enroll consecutively from fall-to-spring and
22 fall-to-fall at an institution of higher education; and

23 (i) Course completion: The percentage of credit hours completed
24 out of those attempted during an academic year.

25 (3) Four-year institutions of higher education must count all
26 students when collecting data for these metrics, not only first-time,
27 full-time freshmen.

28 (4) Based on guidelines prepared by the board, each four-year
29 institution under section 7 of this act, and the state board for
30 community and technical colleges shall submit a biennial plan to
31 achieve measurable and specific improvements each academic year on
32 statewide and institution-specific performance measures. Plans shall
33 be submitted to the board along with the biennial budget requests from
34 the institutions and the state board for community and technical
35 colleges. Performance measures established for the community and
36 technical colleges shall reflect the role and mission of the colleges.

37 ~~((+3))~~ (5) The board shall approve biennial performance targets
38 for each four-year institution and for the community and technical

1 college system and shall review actual achievements annually. The
2 state board for community and technical colleges shall set biennial
3 performance targets for each college or district, where appropriate.

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

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

12 ~~((+6))~~ (8) The board shall develop measurable indicators and
13 benchmarks for its own performance regarding cost, quantity, quality,
14 and timeliness and including the performance of committees and advisory
15 groups convened under this chapter to accomplish such tasks as
16 improving transfer and articulation, improving articulation with the K-
17 12 education system, measuring educational costs, or developing data
18 protocols. The board shall submit its accountability plan to the
19 legislature concurrently with the biennial report on institution
20 progress.

21 (9) In conjunction with the office of financial management, all
22 four-year institutions of higher education must display the data
23 described in subsection (2) of this section in a uniform dashboard
24 format on the office of financial management's web site no later than
25 December 1, 2011, and updated thereafter annually by December 1st. To
26 the maximum extent possible, the information must be viewable by race
27 and ethnicity, gender, state and county of origin, and age. The
28 information may be tailored to meet the needs of various target
29 audiences such as students, researchers, and the general public.

30 **Sec. 5.** RCW 28B.92.060 and 2009 c 215 s 4 are each amended to read
31 as follows:

32 In awarding need grants, the board shall proceed substantially as
33 follows: PROVIDED, That nothing contained herein shall be construed to
34 prevent the board, in the exercise of its sound discretion, from
35 following another procedure when the best interest of the program so
36 dictates:

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

4 (a) Financial need as determined by the amount of the family
5 contribution; and

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

9 (2) The financial need of the highest ranked students shall be met
10 by grants depending upon the evaluation of financial need until the
11 total allocation has been disbursed. Funds from grants which are
12 declined, forfeited or otherwise unused shall be reawarded until
13 disbursed, except that eligible former foster youth shall be assured
14 receipt of a grant. The board shall develop award criteria and methods
15 of disbursement based on level of need, and not solely rely on a first-
16 come, first-served basis.

17 (3) A student shall be eligible to receive a state need grant for
18 up to five years, or the credit or clock hour equivalent of five years,
19 or up to one hundred twenty-five percent of the published length of
20 time of the student's program. A student may not start a new associate
21 degree program as a state need grant recipient until at least five
22 years have elapsed since earning an associate degree as a need grant
23 recipient, except that a student may earn two associate degrees
24 concurrently. Qualifications for renewal will include maintaining
25 satisfactory academic progress toward completion of an eligible program
26 as determined by the board. Should the recipient terminate his or her
27 enrollment for any reason during the academic year, the unused portion
28 of the grant shall be returned to the state educational grant fund by
29 the institution according to the institution's own policy for issuing
30 refunds, except as provided in RCW 28B.92.070.

31 (4) In computing financial need, the board:

32 (a) Shall determine a maximum student expense budget allowance, not
33 to exceed an amount equal to the total maximum student expense budget
34 at the public institutions plus the current average state appropriation
35 per student for operating expense in the public institutions. Any
36 child support payments received by students who are parents attending
37 less than half-time shall not be used in computing financial need; and

1 (b) May take into account the number of children in a family when
2 determining family contribution.

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

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

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

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

16 (ii) The student completes the required free application for
17 federal student aid;

18 (iii) The institution has reviewed the student's financial
19 condition, and the financial condition of the student's family if the
20 student is a dependent student, and has determined that the student is
21 likely eligible for a state need grant; and

22 (iv) The student has signed a document attesting to the fact that
23 the financial information provided on the free application for federal
24 student aid and any additional financial information provided directly
25 to the institution is accurate and complete, and that the student
26 agrees to repay the institution for the grant amount if the student
27 submitted false or incomplete information.

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

32 **Sec. 6.** RCW 28B.95.150 and 2001 c 184 s 2 are each amended to read
33 as follows:

34 (1) The committee may establish a college savings program. If such
35 a program is established, the college savings program shall be
36 established, in such form as may be determined by the committee, to be
37 a qualified state tuition program as defined by the internal revenue

1 service under section 529 of the internal revenue code, and shall be
2 administered in a manner consistent with the Washington advanced
3 college tuition payment program. The committee, in planning and
4 devising the program, shall consult with the state investment board,
5 the state treasurer, a qualified actuarial consulting firm with
6 appropriate expertise to evaluate such plans, the legislative fiscal
7 and higher education committees, and the institutions of higher
8 education.

9 (2) Up to two hundred thousand dollars of administrative fees
10 collected from guaranteed education tuition program participants may be
11 applied as a loan to fund the development of a college savings program.
12 This loan must be repaid with interest before the conclusion of the
13 biennium in which the committee draws funds for this purpose from the
14 advanced college tuition payment program account.

15 (3) If such a college savings program is established, the college
16 savings program account is created in the custody of the state
17 treasurer for the purpose of administering the college savings program.
18 If created, the account shall be a discrete nontreasury account in the
19 custody of the state treasurer. Interest earnings shall be retained in
20 accordance with RCW 43.79A.040. Disbursements from the account, except
21 for program administration, are exempt from appropriations and the
22 allotment provisions of chapter 43.88 RCW. Money used for program
23 administration is subject to the allotment provisions, but without
24 appropriation.

25 (4) The committee, after consultation with the state investment
26 board, shall determine the investment policies for the college savings
27 program. Program contributions may be invested by the state investment
28 board or the committee may contract with an investment company licensed
29 to conduct business in this state to do the investing. The committee
30 shall keep or cause to be kept full and adequate accounts and records
31 of the assets of each individual participant in the college savings
32 program.

33 (5) Neither the state nor any eligible educational institution may
34 be considered or held to be an insurer of the funds or assets of the
35 individual participant accounts in the college savings program created
36 under this section nor may any such entity be held liable for any
37 shortage of funds in the event that balances in the individual

1 participant accounts are insufficient to meet the educational expenses
2 of the institution chosen by the student for which the individual
3 participant account was intended.

4 (6) The committee shall adopt rules to implement this section.
5 Such rules shall include but not be limited to administration,
6 investment management, promotion, and marketing; compliance with
7 internal revenue service standards; application procedures and fees;
8 start-up costs; phasing in the savings program and withdrawals
9 therefrom; deterrents to early withdrawals and provisions for hardship
10 withdrawals; and reenrollment in the savings program after withdrawal.

11 (7) The committee may, at its discretion, determine to cease
12 operation of the college savings program if it determines the
13 continuation is not in the best interest of the state. The committee
14 shall adopt rules to implement this section addressing the orderly
15 distribution of assets.

16 (8) The committee shall review tuition levels in relation to
17 savings to ensure the program remains viable for students and their
18 families. The committee shall report back to the legislature by
19 November 1, 2011, on recommendations for establishing a second phase of
20 the guaranteed education tuition program.

21 NEW SECTION. Sec. 7. A new section is added to chapter 28B.10 RCW
22 to read as follows:

23 Each four-year institution of higher education must develop
24 specific action plans to reach the goals under RCW 28B.76.270 and goals
25 to improve cost-effectiveness and efficiency. The individual
26 institutions must develop their campus goals recognizing the role of
27 their campus as part of the system of public higher education. The
28 plan and the results must be reported biennially to the governor, the
29 legislature, and the higher education coordinating board. Institutions
30 must report on innovations used to reach the targets, which may include
31 but not limited to:

32 (1) The innovative use of technology in instruction, particularly
33 for large introductory courses;

34 (2) Increasing administrative efficiencies among the institutions
35 and campuses;

36 (3) Eliminating underused majors and courses;

37 (4) Creating three-year bachelor degree programs;

1 (5) Increasing tuition for students taking credits beyond those
2 needed to earn a degree;

3 (6) Recognizing prior learning experiences based on competency
4 assessments; and

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

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

9 (1) RCW 28B.10.920 (Performance agreements--Generally) and 2008 c
10 160 s 2;

11 (2) RCW 28B.10.921 (Performance agreements--Contents) and 2008 c
12 160 s 3; and

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

16 NEW SECTION. **Sec. 9.** The office of financial management shall
17 create a work group that includes representations from the higher
18 education coordinating board, the council of presidents, and four-year
19 institutions of higher education to identify statutory reporting and
20 accountability requirements that are duplicative, overly burdensome,
21 redundant, or ineffective, and develop recommendations for statutory
22 changes. The office of financial management shall provide
23 recommendations to the legislature by November 1, 2011.

24 NEW SECTION. **Sec. 10.** This act may be known and cited as the
25 higher education opportunity act.

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