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**SECOND SUBSTITUTE HOUSE BILL 1909**

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**State of Washington**

**62nd Legislature**

**2011 Regular Session**

**By** House Ways & Means (originally sponsored by Representatives Reykdal, Haler, Seaquist, Carlyle, Hasegawa, and Kenney)

READ FIRST TIME 02/25/11.

1       AN ACT Relating to creating a funding mechanism to promote  
2 innovation at community and technical colleges; amending RCW 28B.15.031  
3 and 28B.15.100; reenacting and amending RCW 43.79A.040; adding a new  
4 section to chapter 28B.50 RCW; and creating a new section.

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

6       NEW SECTION. **Sec. 1.** (1) The legislature finds that the community  
7 and technical college system mission to ensure affordable access to  
8 higher education geographically distributed throughout the state is  
9 aligned with innovative approaches to learning and substantial  
10 efficiencies that have been implemented since the legislature  
11 established the system in 1967. Systemic approaches include a common  
12 accounting system, a common administrative computing system, a single  
13 system budget request for operating and capital expenses, and common  
14 course numbering. Innovative approaches include the system's e-  
15 learning platform, the adoption of open educational resources, and the  
16 adoption of lecture-capture tools that allow students to replay  
17 lectures, review classroom materials, and distribute outstanding  
18 instruction via the web anytime, anywhere.

1 (2) It is the intent of the legislature to further enhance the  
2 community and technical college system by making the maximum use of  
3 technologies to:

4 (a) Help dismantle the barriers of geographic isolation, cost,  
5 competing demands of work and family life, and past educational  
6 failure;

7 (b) Create a system for learning that is welcoming to all, easy to  
8 enter and use, and tailored to the needs of each learner; and

9 (c) Foster personal relationships and support all students and  
10 their families to learn and thrive.

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

13 (1) The term "operating fees" as used in this chapter shall include  
14 the fees, other than building fees, charged all students registering at  
15 the state's colleges and universities but shall not include fees for  
16 short courses, self-supporting degree credit programs and courses,  
17 marine station work, experimental station work, correspondence or  
18 extension courses, and individual instruction and student deposits or  
19 rentals, disciplinary and library fines, which colleges and  
20 universities shall have the right to impose, laboratory, gymnasium,  
21 health, technology and student activity fees, or fees, charges,  
22 rentals, and other income derived from any or all revenue producing  
23 lands, buildings and facilities of the colleges or universities  
24 heretofore or hereafter acquired, constructed or installed, including  
25 but not limited to income from rooms, dormitories, dining rooms,  
26 hospitals, infirmaries, housing or student activity buildings,  
27 vehicular parking facilities, land, or the appurtenances thereon, or  
28 such other special fees as may be established by any college or  
29 university board of trustees or regents from time to time. All moneys  
30 received as operating fees at any institution of higher education shall  
31 be deposited in a local account containing only operating fees revenue  
32 and related interest: PROVIDED, That a minimum of three and one-half  
33 percent of operating fees shall be retained by the institutions for the  
34 purposes of RCW 28B.15.820.

35 (2) In addition to the three and one-half percent of operating fees  
36 retained by the institutions under subsection (1) of this section, up  
37 to three percent of operating fees charged to students at community and

1 technical colleges shall be transferred to the community and technical  
2 college innovation account for the implementation of the college  
3 board's strategic technology plan in section 3 of this act. The  
4 percentage to be transferred to the community and technical college  
5 innovation account shall be determined by the college board each year  
6 but shall not exceed three percent of the operating fees collected each  
7 year.

8 (3) Local operating fee accounts shall not be subject to  
9 appropriation by the legislature or allotment procedures under chapter  
10 43.88 RCW.

11 NEW SECTION. Sec. 3. A new section is added to chapter 28B.50 RCW  
12 to read as follows:

13 (1) The community and technical college innovation account is  
14 created in the custody of the state treasurer. All receipts from  
15 operating fees in RCW 28B.15.031(2) must be deposited into the account.  
16 Expenditures from the account may be used only as provided in  
17 subsection (2) of this section. Only the director of the college board  
18 or the director's designee may authorize expenditures from the account.  
19 The account is subject to allotment procedures under chapter 43.88 RCW,  
20 but an appropriation is not required for expenditures.

21 (2) Funds in the community and technical college innovation account  
22 may be used solely to:

23 (a) Pay and secure the payment of the principal of and interest on  
24 financing contracts, such as certificates of participation issued for  
25 the innovation account under chapter 39.94 RCW and authorized by the  
26 legislature; and

27 (b) Implement the college board's strategic technology plan to  
28 improve student achievement, student services, and increase systemwide  
29 administrative efficiencies. The college board must approve projects  
30 under the strategic technology plan to improve student achievement,  
31 student services, and increase systemwide administrative efficiencies  
32 before the director authorizes expenditures to be made. For large  
33 enterprise resource planning projects, the college board shall develop  
34 a technical and operational business plan and submit it to the  
35 legislature for approval before the project can be implemented.

36 (3) Consistent with the implementation of the strategic technology  
37 plan, the college board and the community and technical colleges shall

1 engage in substantial business process reengineering and adopt  
2 systemwide approaches to admissions, financial aid, student  
3 identification numbers, student transcripts, and other systemwide  
4 processes.

5 (4) If the community and technical college system pursues an  
6 enterprise resource planning solution, they shall consider adoption of  
7 existing solutions already deployed at institutions of higher education  
8 in the state; short and long-term total costs of ownership;  
9 opportunities for partnerships, collaboration, coordination and  
10 consolidation with other entities in higher education; technical  
11 flexibility; and other requirements that support costs efficiencies.  
12 If the college board adopts a plan for an enterprise solution that is  
13 not coordinated with other institutions of higher education,  
14 authorization of expenditure of funds by the legislature must be  
15 approved by the office of financial management.

16 **Sec. 4.** RCW 43.79A.040 and 2010 1st sp.s. c 19 s 22, 2010 1st  
17 sp.s. c 13 s 4, 2010 1st sp.s. c 9 s 6, 2010 c 222 s 4, and 2010 c 215  
18 s 7 are each reenacted and amended to read as follows:

19 (1) Money in the treasurer's trust fund may be deposited, invested,  
20 and reinvested by the state treasurer in accordance with RCW 43.84.080  
21 in the same manner and to the same extent as if the money were in the  
22 state treasury, and may be commingled with moneys in the state treasury  
23 for cash management and cash balance purposes.

24 (2) All income received from investment of the treasurer's trust  
25 fund must be set aside in an account in the treasury trust fund to be  
26 known as the investment income account.

27 (3) The investment income account may be utilized for the payment  
28 of purchased banking services on behalf of treasurer's trust funds  
29 including, but not limited to, depository, safekeeping, and  
30 disbursement functions for the state treasurer or affected state  
31 agencies. The investment income account is subject in all respects to  
32 chapter 43.88 RCW, but no appropriation is required for payments to  
33 financial institutions. Payments must occur prior to distribution of  
34 earnings set forth in subsection (4) of this section.

35 (4)(a) Monthly, the state treasurer must distribute the earnings  
36 credited to the investment income account to the state general fund  
37 except under (b), (c), and (d) of this subsection.

1 (b) The following accounts and funds must receive their  
2 proportionate share of earnings based upon each account's or fund's  
3 average daily balance for the period: The Washington promise  
4 scholarship account, the college savings program account, the  
5 Washington advanced college tuition payment program account, the  
6 accessible communities account, the community and technical college  
7 innovation account, the agricultural local fund, the American Indian  
8 scholarship endowment fund, the foster care scholarship endowment fund,  
9 the foster care endowed scholarship trust fund, the students with  
10 dependents grant account, the basic health plan self-insurance reserve  
11 account, the contract harvesting revolving account, the Washington  
12 state combined fund drive account, the commemorative works account, the  
13 county enhanced 911 excise tax account, the Washington international  
14 exchange scholarship endowment fund, the toll collection account, the  
15 developmental disabilities endowment trust fund, the energy account,  
16 the fair fund, the family leave insurance account, the food animal  
17 veterinarian conditional scholarship account, the fruit and vegetable  
18 inspection account, the future teachers conditional scholarship  
19 account, the game farm alternative account, the GET ready for math and  
20 science scholarship account, the Washington global health technologies  
21 and product development account, the grain inspection revolving fund,  
22 the juvenile accountability incentive account, the law enforcement  
23 officers' and firefighters' plan 2 expense fund, the local tourism  
24 promotion account, the pilotage account, the produce railcar pool  
25 account, the regional transportation investment district account, the  
26 rural rehabilitation account, the stadium and exhibition center  
27 account, the youth athletic facility account, the self-insurance  
28 revolving fund, the sulfur dioxide abatement account, the children's  
29 trust fund, the Washington horse racing commission Washington bred  
30 owners' bonus fund and breeder awards account, the Washington horse  
31 racing commission class C purse fund account, the individual  
32 development account program account, the Washington horse racing  
33 commission operating account (earnings from the Washington horse racing  
34 commission operating account must be credited to the Washington horse  
35 racing commission class C purse fund account), the life sciences  
36 discovery fund, the Washington state heritage center account, the  
37 reduced cigarette ignition propensity account, and the reading  
38 achievement account.

1 (c) The following accounts and funds must receive eighty percent of  
2 their proportionate share of earnings based upon each account's or  
3 fund's average daily balance for the period: The advanced right-of-way  
4 revolving fund, the advanced environmental mitigation revolving  
5 account, the federal narcotics asset forfeitures account, the high  
6 occupancy vehicle account, the local rail service assistance account,  
7 and the miscellaneous transportation programs account.

8 (d) Any state agency that has independent authority over accounts  
9 or funds not statutorily required to be held in the custody of the  
10 state treasurer that deposits funds into a fund or account in the  
11 custody of the state treasurer pursuant to an agreement with the office  
12 of the state treasurer shall receive its proportionate share of  
13 earnings based upon each account's or fund's average daily balance for  
14 the period.

15 (5) In conformance with Article II, section 37 of the state  
16 Constitution, no trust accounts or funds shall be allocated earnings  
17 without the specific affirmative directive of this section.

18 **Sec. 5.** RCW 28B.15.100 and 2003 c 232 s 6 are each amended to read  
19 as follows:

20 (1) The governing boards of the state universities, the regional  
21 universities, The Evergreen State College, and the community colleges  
22 shall charge to and collect from each of the students registering at  
23 the particular institution for any quarter or semester such tuition  
24 fees and services and activities fees, and other fees as such board  
25 shall in its discretion determine. For the governing boards of the  
26 state universities, the regional universities, and The Evergreen State  
27 College, the total of all fees shall be rounded to the nearest whole  
28 dollar amount: PROVIDED, That such tuition fees shall be established  
29 in accordance with RCW 28B.15.067.

30 (2) Part-time students shall be charged tuition and services and  
31 activities fees proportionate to full-time student rates established  
32 for residents and nonresidents: PROVIDED, That except for students  
33 registered at community colleges, students registered for fewer than  
34 two credit hours shall be charged tuition and services and activities  
35 fees at the rate established for two credit hours: PROVIDED FURTHER,  
36 That, subject to the limitations of RCW 28B.15.910, residents of Idaho  
37 or Oregon who are enrolled in community college district number twenty

1 for six or fewer credits during any quarter or semester may be exempted  
2 from payment of all or a portion of the nonresident tuition fees  
3 differential upon a declaration by the higher education coordinating  
4 board that it finds Washington residents from the community college  
5 district are afforded substantially equivalent treatment by such other  
6 states.

7 (3) Full-time students registered for more than eighteen credit  
8 hours shall be charged an additional operating fee for each credit hour  
9 in excess of eighteen hours at the applicable established per credit  
10 hour tuition fee rate for part-time students: PROVIDED, That, subject  
11 to the limitations of RCW 28B.15.910, the governing boards of the state  
12 universities and the community colleges may exempt all or a portion of  
13 the additional charge, for students who are registered exclusively in  
14 first professional programs in medicine, dental medicine, veterinary  
15 medicine, doctor of pharmacy, or law, or who are registered exclusively  
16 in required courses in vocational preparatory programs.

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