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**SUBSTITUTE SENATE BILL 6042**

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**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Baumgartner, Brown, and Schoesler)

READ FIRST TIME 02/11/14.

1        AN ACT Relating to establishing an incentive-based methodology of  
2        distributing state appropriations to public four-year institutions of  
3        higher education; amending RCW 28B.15.101, 28B.15.102, and 28B.77.090;  
4        adding a new section to chapter 43.41 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 a robust  
7        public postsecondary educational system benefits Washingtonians  
8        throughout the state, and that the individual and combined success of  
9        the people of Washington, and in turn the vitality of business across  
10       the state, rely overwhelmingly on the quality and efficiency of the  
11       state's higher education system.

12       (2) The legislature recognizes that there is currently an estimated  
13       gap of twenty-five thousand skilled workers in Washington, eighty  
14       percent of whom are in high-demand fields, and that this gap is  
15       projected to double by 2017. The legislature further recognizes that  
16       filling the job skills gap by 2017 could result in one hundred sixty  
17       thousand new jobs in the state. As a result, the legislature finds  
18       that the statewide goals of public institutions of higher education are

1 to: (a) Increase total degree production; (b) increase degree  
2 production in high-demand fields of study; and (c) increase degree  
3 production for underrepresented student populations.

4 (3) Therefore, it is the intent of the legislature to create an  
5 incentive funding structure that encourages student success through the  
6 postsecondary educational system. To do this, it is the intent of the  
7 legislature that an initial state funding enhancement equal to no less  
8 than twenty-five million dollars be available for distribution to the  
9 public four-year institutions of higher education for the purposes of  
10 incentive funding.

11 (4) It is the intent of the legislature that this funding  
12 enhancement be an addition to the baseline budgets of public four-year  
13 institutions of higher education and that, in subsequent fiscal years,  
14 additional amounts allocated for this purpose will be distributed to  
15 the public four-year institutions of higher education and subsequently  
16 built into their carry-forward budgets based on their performance on  
17 institutional specific performance metrics that contribute to the three  
18 statewide goals.

19 **Sec. 2.** RCW 28B.15.101 and 2011 1st sp.s. c 10 s 5 are each  
20 amended to read as follows:

21 ~~((1) To ensure institutional quality, promote access, and advance  
22 the public mission of the state universities, the regional  
23 universities, and The Evergreen State College, the authority to  
24 increase or decrease tuition rates shall be considered within the  
25 context of performance-based measures and goals for each state  
26 university, regional university, and The Evergreen State College. By  
27 September 1, 2011, and September 1st every two years thereafter, the  
28 state universities, the regional universities, and The Evergreen State  
29 College shall each negotiate an institutional performance plan with the  
30 office of financial management that includes expected outcomes that  
31 must be achieved by each institution in the subsequent biennium.~~

32 ~~(2) At a minimum, an individual institutional performance plan must  
33 include but is not limited to the following expected outcomes:~~

- 34 ~~(a) Time and credits to degree;~~
- 35 ~~(b) Retention and success of students from low income, diverse, or  
36 underrepresented communities;~~
- 37 ~~(c) Baccalaureate degree production for resident students; and~~

1       ~~(d) Degree production in high employer demand programs of study and~~  
2 ~~critical state need areas.)~~ Subject to funds appropriated for this  
3 purpose in the omnibus appropriations act, incentive funding shall be  
4 distributed to the public four-year institutions of higher education as  
5 specified in the omnibus appropriations act and shall be based on an  
6 institution's performance in relation to its own past performance using  
7 a three-year average in the following metrics:

8       (1) Number of degrees produced;

9       (2) Number of high-demand degrees produced; and

10       (3) Number of degrees awarded to underrepresented students.

11       **Sec. 3.** RCW 28B.15.102 and 2013 c 23 s 53 are each amended to read  
12 as follows:

13       (1) Beginning with the 2011-12 academic year, any four-year  
14 institution of higher education that increases tuition beyond levels  
15 assumed in the omnibus appropriations act is subject to the financial  
16 aid requirements included in this section and shall remain subject to  
17 these requirements through the 2018-19 academic year.

18       (2) Beginning July 1, 2011, each four-year institution of higher  
19 education that raises tuition beyond levels assumed in the omnibus  
20 appropriations act shall, in a manner consistent with the goal of  
21 enhancing the quality of and access to their institutions, provide  
22 financial aid to offset full-time tuition fees for resident  
23 undergraduate students as follows:

24       (a) Subtract from the full-time tuition fees an amount that is  
25 equal to the maximum amount of a state need grant award that would be  
26 given to an eligible student with a family income at or below fifty  
27 percent of the state's median family income as determined by the  
28 student achievement council; and

29       (b) Offset the remainder as follows:

30       (i) Students with demonstrated need whose family incomes are at or  
31 below fifty percent of the state's median family income shall receive  
32 financial aid equal to one hundred percent of the remainder if an  
33 institution's full-time tuition fees for resident undergraduate  
34 students is five percent or greater of the state's median family income  
35 for a family of four as provided by the student achievement council;

36       (ii) Students with demonstrated need whose family incomes are  
37 greater than fifty percent and no more than seventy percent of the

1 state's median family income shall receive financial aid equal to  
2 seventy-five percent of the remainder if an institution's full-time  
3 tuition fees for resident undergraduate students is ten percent or  
4 greater of the state's median family income for a family of four as  
5 provided by the student achievement council;

6 (iii) Students with demonstrated need whose family incomes exceed  
7 seventy percent and are less than one hundred percent of the state's  
8 median family income shall receive financial aid equal to fifty percent  
9 of the remainder if an institution's full-time tuition fees for  
10 resident undergraduate students is fifteen percent or greater of the  
11 state's median family income for a family of four as provided by the  
12 student achievement council; and

13 (iv) Students with demonstrated need whose family incomes are at or  
14 exceed one hundred percent and are no more than one hundred twenty-five  
15 percent of the state's median family income shall receive financial aid  
16 equal to twenty-five percent of the remainder if an institution's  
17 full-time tuition fees for resident undergraduate students is twenty  
18 percent or greater of the state's median family income for a family of  
19 four as provided by the student achievement council.

20 (3) The financial aid required in subsection (2) of this section  
21 shall:

22 (a) Be reduced by the amount of other financial aid awards, not  
23 including the state need grant;

24 (b) Be prorated based on credit load; and

25 (c) Only be provided to students up to demonstrated need.

26 (4) Financial aid sources and methods may be:

27 (a) Tuition revenue or locally held funds;

28 (b) Tuition waivers created by a four-year institution of higher  
29 education for the specific purpose of serving low and middle-income  
30 students; or

31 (c) Local financial aid programs.

32 (5) Use of tuition waivers as specified in subsection (4)(b) of  
33 this section shall not be included in determining total state tuition  
34 waiver authority as defined in RCW 28B.15.910.

35 (6) By (~~August 15, 2012, and August 15th~~) December 31st every  
36 year (~~thereafter~~), four-year institutions of higher education that  
37 increase tuition beyond levels assumed in the omnibus appropriations  
38 act after January 1, 2011, shall report to the governor and relevant

1 committees of the legislature on the effectiveness of the various  
2 sources and methods of financial aid in mitigating tuition increases.  
3 A key purpose of these reports is to provide information regarding the  
4 results of the decision to grant tuition-setting authority to the four-  
5 year institutions of higher education and whether tuition setting  
6 authority should continue to be granted to the institutions or revert  
7 back to the legislature after consideration of the impacts on students,  
8 including educational access, affordability, and ((quality))  
9 completion. These reports shall include:

10 (a) The amount of ((~~additional~~)) financial aid provided to middle-  
11 income and low-income resident students with demonstrated need in the  
12 aggregate and per student;

13 (b) An itemization of the sources and methods of financial aid  
14 provided by the four-year institution of higher education in the  
15 aggregate and per student for resident undergraduate students;

16 (c) An analysis of the combined impact of federal tuition tax  
17 credits and financial aid provided by the institution of higher  
18 education on the net cost to students and their families resulting from  
19 tuition increases;

20 (d) In cases where tuition increases are greater than those assumed  
21 in the omnibus appropriations act at any four-year institution of  
22 higher education, the institution must include an explanation in its  
23 report of why this increase was necessary and how the institution will  
24 mitigate the effects of the increase. The institution must include in  
25 this section of its report a plan and specific timelines; and

26 (e) An analysis of changes in resident student enrollment patterns,  
27 participation rates, graduation rates, and debt load, by race and  
28 ethnicity, gender, state and county of origin, age, and socioeconomic  
29 status, and a plan to mitigate effects of reduced diversity due to  
30 tuition increases. This analysis shall include disaggregated data for  
31 resident students in the following income brackets:

32 (i) Up to seventy percent of the median family income;

33 (ii) Between seventy-one percent and one hundred twenty-five  
34 percent of the median family income; and

35 (iii) Above one hundred twenty-five percent of the median family  
36 income.

37 (7) Beginning in the 2012-13 academic year, the University of  
38 Washington shall enroll during each academic year at least the same

1 number of resident first-year undergraduate students at the Seattle  
2 campus, as defined in RCW 28B.15.012, as enrolled during the 2009-10  
3 academic year. This requirement shall not apply to nonresident  
4 undergraduate and graduate and professional students.

5 **Sec. 4.** RCW 28B.77.090 and 2013 c 23 s 60 are each amended to read  
6 as follows:

7 ~~((1) An accountability monitoring and reporting system is  
8 established as part of a continuing effort to make meaningful and  
9 substantial progress towards the achievement of long-term performance  
10 goals in higher education.~~

11 ~~(2) To provide consistent, easily understood data among the public  
12 four-year institutions of higher education within Washington and in  
13 other states, the following data must be reported to the education data  
14 center annually by December 1st, and at a minimum include data  
15 recommended by a national organization representing state chief  
16 executives. The education data center in consultation with the council  
17 may change the data requirements to be consistent with best practices  
18 across the country. This data must, to the maximum extent possible, be  
19 disaggregated by race and ethnicity, gender, state and county of  
20 origin, age, and socioeconomic status, and include the following for  
21 the four-year institutions of higher education:~~

22 ~~(a) Bachelor's degrees awarded;~~

23 ~~(b) Graduate and professional degrees awarded;~~

24 ~~(c) Graduation rates: The number and percentage of students who  
25 graduate within four years for bachelor's degrees and within the  
26 extended time, which is six years for bachelor's degrees;~~

27 ~~(d) Transfer rates: The annual number and percentage of students  
28 who transfer from a two-year to a four-year institution of higher  
29 education;~~

30 ~~(e) Time and credits to degree: The average length of time in  
31 years and average number of credits that graduating students took to  
32 earn a bachelor's degree;~~

33 ~~(f) Enrollment in remedial education: The number and percentage of  
34 entering first-time undergraduate students who place into and enroll in  
35 remedial mathematics, English, or both;~~

36 ~~(g) Success beyond remedial education: The number and percentage~~

1 of entering first-time undergraduate students who complete entry  
2 college-level math and English courses within the first two consecutive  
3 academic years;

4 (h) Credit accumulation:—The number and percentage of first-time  
5 undergraduate students completing two quarters or one semester worth of  
6 credit during their first academic year;

7 (i) Retention rates:—The number and percentage of entering  
8 undergraduate students who enroll consecutively from fall to spring and  
9 fall to fall at an institution of higher education;

10 (j) Course completion:—The percentage of credit hours completed  
11 out of those attempted during an academic year;

12 (k) Program participation and degree completion rates in bachelor  
13 and advanced degree programs in the sciences, which includes  
14 agriculture and natural resources, biology and biomedical sciences,  
15 computer and information sciences, engineering and engineering  
16 technologies, health professions and clinical sciences, mathematics and  
17 statistics, and physical sciences and science technologies, including  
18 participation and degree completion rates for students from  
19 traditionally underrepresented populations;

20 (l) Annual enrollment:—Annual unduplicated number of students  
21 enrolled over a twelve-month period at institutions of higher education  
22 including by student level;

23 (m) Annual first-time enrollment:—Total first-time students  
24 enrolled in a four-year institution of higher education;

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

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

33 (p) Student debt load:—Median three-year distribution of debt  
34 load, excluding private loans or debts incurred before coming to the  
35 institution;

36 (q) Data related to enrollment, completion rates, participation  
37 rates, and debt load shall be disaggregated for students in the  
38 following income brackets to the maximum extent possible:

1 ~~(i) Up to seventy percent of the median family income;~~  
2 ~~(ii) Between seventy one percent and one hundred twenty five~~  
3 ~~percent of the median family income; and~~  
4 ~~(iii) Above one hundred twenty five percent of the median family~~  
5 ~~income; and~~  
6 ~~(r) Yearly percentage increases in the average cost of~~  
7 ~~undergraduate instruction.~~  
8 ~~(3) Four year institutions of higher education must count all~~  
9 ~~students when collecting data, not only first time, full time first-~~  
10 ~~year students.~~  
11 ~~(4) In conjunction with the office of financial management, all~~  
12 ~~four year institutions of higher education must display the data~~  
13 ~~described in subsection (2) of this section in a uniform dashboard~~  
14 ~~format on the office of financial management's web site no later than~~  
15 ~~December 1, 2011, and updated thereafter annually by December 1st. To~~  
16 ~~the maximum extent possible, the information must be viewable by race~~  
17 ~~and ethnicity, gender, state and county of origin, age, and~~  
18 ~~socioeconomic status. The information may be tailored to meet the~~  
19 ~~needs of various target audiences such as students, researchers, and~~  
20 ~~the general public.~~  
21 ~~(5))~~ The council shall use performance data from the education  
22 data center for the purposes of strategic planning, to report on  
23 progress toward achieving statewide goals, and to develop priorities  
24 proposed in the ten-year plan for higher education.

25 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.41 RCW  
26 to read as follows:

27 (1) To provide consistent, easily understood data among the public  
28 four-year institutions of higher education within Washington and in  
29 other states, the following data must be reported to the education data  
30 center annually by December 1st, and at a minimum include data  
31 recommended by a national organization representing state chief  
32 executives. The education data center, in consultation with the  
33 student achievement council, may change the data requirements to be  
34 consistent with best practices across the country. This data must, to  
35 the maximum extent possible, be disaggregated by race and ethnicity,  
36 gender, state and county of origin, age, and socioeconomic status, and



- 1 include the following for the four-year institutions of higher  
2 education:
- 3 (a) Bachelor's degrees awarded;
  - 4 (b) Graduate and professional degrees awarded;
  - 5 (c) Graduation rates: The number and percentage of students who  
6 graduate within four years for bachelor's degrees and within the  
7 extended time, which is six years for bachelor's degrees;
  - 8 (d) Transfer rates: The annual number and percentage of students  
9 who transfer from a two-year to a four-year institution of higher  
10 education;
  - 11 (e) Time and credits to degree: The average length of time in  
12 years and average number of credits that graduating students took to  
13 earn a bachelor's degree;
  - 14 (f) Enrollment in remedial education: The number and percentage of  
15 entering first-time undergraduate students who place into and enroll in  
16 remedial mathematics, English, or both;
  - 17 (g) Success beyond remedial education: The number and percentage  
18 of entering first-time undergraduate students who complete entry  
19 college-level mathematics and English courses within the first two  
20 consecutive academic years;
  - 21 (h) Credit accumulation: The number and percentage of first-time  
22 undergraduate students completing two quarters or one semester worth of  
23 credit during their first academic year;
  - 24 (i) Retention rates: The number and percentage of entering  
25 undergraduate students who enroll consecutively from fall-to-spring and  
26 fall-to-fall at an institution of higher education;
  - 27 (j) Course completion: The percentage of credit hours completed  
28 out of those attempted during an academic year;
  - 29 (k) Program participation and degree completion rates in bachelor  
30 and advanced degree programs in the sciences, which includes  
31 agriculture and natural resources, biology and biomedical sciences,  
32 computer and information sciences, engineering and engineering  
33 technologies, health professions and clinical sciences, mathematics and  
34 statistics, and physical sciences and science technologies, including  
35 participation and degree completion rates for students from  
36 traditionally underrepresented populations;
  - 37 (l) Annual enrollment: Annual unduplicated number of students

1 enrolled over a twelve-month period at institutions of higher education  
2 including by student level;

3 (m) Annual first-time enrollment: Total first-time students  
4 enrolled in a four-year institution of higher education;

5 (n) Completion ratio: Annual ratio of undergraduate and graduate  
6 degrees and certificates, of at least one year in expected length,  
7 awarded per one hundred full-time equivalent undergraduate students at  
8 the state level;

9 (o) Market penetration: Annual ratio of undergraduate and graduate  
10 degrees and certificates, of at least one year in program length,  
11 awarded relative to the state's population age eighteen to twenty-four  
12 years old with a high school diploma;

13 (p) Student debt load: Median three-year distribution of debt  
14 load, excluding private loans or debts incurred before coming to the  
15 institution;

16 (q) Data related to enrollment, completion rates, participation  
17 rates, and debt load, disaggregated for students in the following  
18 income brackets to the maximum extent possible:

19 (i) Up to seventy percent of the median family income;

20 (ii) Between seventy-one percent and one hundred twenty-five  
21 percent of the median family income; and

22 (iii) Above one hundred twenty-five percent of the median family  
23 income; and

24 (r) Yearly percentage increases in the average cost of  
25 undergraduate instruction.

26 (2) Four-year institutions of higher education must count all  
27 students when collecting data, not only first-time, full-time first-  
28 year students.

29 (3) In conjunction with the office, all four-year institutions of  
30 higher education must display the data described in subsection (2) of  
31 this section in a uniform dashboard format on the office's web site no  
32 later than December 1, 2011, and updated thereafter annually by  
33 December 1st. To the maximum extent possible, the information must be  
34 viewable by race and ethnicity, gender, state and county of origin,  
35 age, and socioeconomic status. The information may be tailored to meet  
36 the needs of various target audiences such as students, researchers,

1 and the general public.

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