
HOUSE BILL 1124

State of Washington

66th Legislature

2019 Regular Session

By Representatives Pollet and Frame

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1 AN ACT Relating to regulating degree-granting institutions not
2 exempt under chapter 28B.85 RCW, private vocational schools not
3 exempt under chapter 28C.10 RCW, schools under chapter 18.16 RCW, and
4 other for-profit schools, for the purposes of promoting
5 accountability and providing consumer protection to students and the
6 public; amending RCW 28B.85.020, 28B.85.095, 28B.85.175, 28C.10.050,
7 28C.10.110, 18.16.150, 28B.85.090, 28C.10.120, 18.16.160, 28B.77.110,
8 28B.85.070, 28B.85.230, and 18.16.310; reenacting and amending RCW
9 43.79A.040 and 43.84.092; adding a new section to chapter 28B.85 RCW;
10 adding a new section to chapter 28C.10 RCW; adding a new section to
11 chapter 18.16 RCW; adding a new section to chapter 28B.77 RCW; and
12 creating new sections.

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

14 **DATA COLLECTION AND GAINFUL EMPLOYMENT RULES**

15 NEW SECTION. **Sec. 1.** For-profit and formerly for-profit degree-
16 granting institutions and private vocational schools that offer
17 nondegree certificates and training are designed to prepare students
18 for gainful employment in recognized occupations. Students' debt-to-
19 earnings ratios can be a factor in determining whether a program,
20 school, or institution is adequately preparing students for

1 employment in their chosen field of study. Debt-to-earnings ratios
2 can also represent a reliable measure of the ability of program
3 completers to reasonably repay the educational debt incurred for
4 their attendance at the school or institution. The legislature
5 recognizes that gainful employment requirements will further the goal
6 of keeping for-profit and formerly for-profit degree-granting
7 institutions and private vocational schools accountable to students
8 and the public. In addition, the legislature seeks to clarify that
9 although some for-profit degree-granting institutions have
10 reorganized as nonprofit entities, chapters 28B.85, 28C.10, and 19.86
11 RCW, apply to those formerly for-profit institutions unless otherwise
12 exempt.

13 **Sec. 2.** RCW 28B.85.020 and 2013 c 218 s 3 are each amended to
14 read as follows:

15 (1) The council:

16 (a) Shall adopt by rule, in accordance with chapter 34.05 RCW,
17 minimum standards for degree-granting institutions concerning
18 granting of degrees, quality of education, unfair business practices,
19 financial stability, gainful employment requirements as defined in
20 section 3 of this act, and other necessary measures to implement this
21 chapter and protect citizens of this state against substandard,
22 fraudulent, or deceptive practices. The rules shall require that an
23 institution operating in Washington:

24 (i) Be accredited;

25 (ii) Have applied for accreditation and such application is
26 pending before the accrediting agency;

27 (iii) Have been granted a waiver by the council waiving the
28 requirement of accreditation; or

29 (iv) Have been granted an exemption by the council from the
30 requirements of this subsection (1) (a);

31 (b) May investigate any entity the council reasonably believes to
32 be subject to the jurisdiction of this chapter. In connection with
33 the investigation, the council may administer oaths and affirmations,
34 issue subpoenas and compel attendance, take evidence, and require the
35 production of any books, papers, correspondence, memorandums, or
36 other records which the council deems relevant or material to the
37 investigation. The council, including its staff and any other
38 authorized persons, may conduct site inspections, the cost of which

1 shall be borne by the institution, and examine records of all
2 institutions subject to this chapter;

3 (c) May negotiate and enter into interstate reciprocity
4 agreements with other state or multistate entities if the agreements
5 are consistent with the purposes in this chapter as determined by the
6 council;

7 (d) May enter into agreements with degree-granting institutions
8 of higher education based in this state, that are otherwise exempt
9 under the provisions of (~~subsection (1)~~) (a) of this subsection, for
10 the purpose of ensuring consistent consumer protection in interstate
11 distance delivery of higher education;

12 (e) Shall develop an interagency agreement with the workforce
13 training and education coordinating board to regulate degree-granting
14 private vocational schools with respect to degree and nondegree
15 programs; and

16 (f) Shall develop and disseminate information to the public about
17 entities that sell or award degrees without requiring appropriate
18 academic achievement at the postsecondary level, including but not
19 limited to, a description of the substandard and potentially
20 fraudulent practices of these entities, and advice about how the
21 public can recognize and avoid the entities. To the extent feasible,
22 the information shall include links to additional resources that may
23 assist the public in identifying specific institutions offering
24 substandard or fraudulent degree programs.

25 (2) Financial disclosures provided to the council by degree-
26 granting private vocational schools are not subject to public
27 disclosure under chapter 42.56 RCW.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 28B.85
29 RCW to read as follows:

30 (1) (a) The council shall require that programs offered by degree-
31 granting institutions authorized to operate under this chapter must
32 prepare students for gainful employment in a recognized occupation.
33 Gainful employment requirements must be based on debt-to-earnings
34 rates demonstrating whether students completing the program will
35 likely be able to reasonably repay student loan debts incurred for
36 attending the institution, based on earnings from employment in the
37 field for which they are seeking a degree, certification, or
38 training.

1 (b) The council shall consult with the workforce training and
2 education coordinating board in establishing debt-to-earnings rates,
3 including methods of calculation, and types of student-level data and
4 institutional data needed to calculate debt-to-earnings rates.

5 (2) The council shall determine acceptable debt-to-earnings rates
6 for programs and institutions for the purposes of determining whether
7 the program or institution continues to be eligible to participate in
8 the state's financial aid programs or to operate in the state.

9 (3)(a) To implement this section, the council shall require
10 degree-granting institutions authorized to operate under this chapter
11 to collect student-level data. At a minimum, student-level data must
12 include a student's social security number, birth date, and financial
13 aid awards if the student received financial aid. Financial aid
14 awards include the amount of federal, state, and institutional loans,
15 grants, or scholarships the student received of which the institution
16 is aware.

17 (b) Degree-granting institutions authorized to operate under this
18 chapter shall make student-level data available to the workforce
19 training and education coordinating board for analysis and
20 calculation.

21 (c) The council, in consultation with the workforce training and
22 education coordinating board, shall establish the minimum threshold
23 of students required in a program cohort to have a meaningful debt-
24 to-earnings rate for a particular program or institution. If
25 meaningful debt-to-earnings rates cannot be established for a
26 particular program or institution, the workforce training and
27 education coordinating board shall evaluate student-level data and
28 other information to assess earnings in relation to cost of
29 attendance, taking into consideration the length of the particular
30 program. The workforce training and education coordinating board
31 shall publish its assessment of earnings-to-cost of attendance in
32 lieu of debt-to-earnings rates.

33 (4) Beginning no later than July 1, 2021, and every year
34 thereafter, each degree-granting institution authorized to operate
35 under this chapter shall publish the debt-to-earnings rates of its
36 programs on the institution's web site. The workforce training and
37 education coordinating board shall also publish the institution's
38 debt-to-earnings rates on the workforce training and education
39 coordinating board's web site.

1 **Sec. 4.** RCW 28B.85.095 and 2018 c 203 s 4 are each amended to
2 read as follows:

3 (1) (a) The council may deny, revoke, or suspend the authorization
4 of any degree-granting institution authorized to operate under this
5 chapter that is found to be in violation of this chapter.

6 (b) The council may not delegate to any other state its authority
7 to oversee and enforce compliance with this chapter or its authority
8 to respond to complaints by students in this state, regardless of
9 whether the institution is authorized by, or has its home in, another
10 state. Under RCW 28B.85.020(1)(c), participation in interstate
11 reciprocity agreements consistent with the purposes of this chapter
12 does not delegate authority for compliance with this chapter or
13 authority to respond to student complaints.

14 (2) It is a violation of this chapter for a degree-granting
15 institution authorized to operate under this chapter or an agent
16 employed by such a degree-granting institution to:

17 (a) Provide prospective students with any testimonial,
18 endorsement, or other information that a reasonable person would find
19 was likely to mislead or deceive prospective students or the public
20 regarding current practices of the school, current conditions for
21 employment opportunities, postgraduation employment by industry, or
22 probable earnings in the occupation for which the education was
23 designed, the likelihood of obtaining financial aid or low-interest
24 loans for tuition, or the ability of graduates to repay loans;

25 (b) Use any official United States military logo in advertising
26 or promotional materials; (~~or~~)

27 (c) Violate the provision of RCW 28B.85.175(1)(b) regarding the
28 sale of, or inducing of students to obtain, specific consumer student
29 loan products; or

30 (d) Not be in compliance with the gainful employment requirements
31 established by rule.

32 **Sec. 5.** RCW 28B.85.175 and 2018 c 203 s 5 are each amended to
33 read as follows:

34 (1) A degree-granting institution authorized to operate under
35 this chapter must:

36 (a) (~~Present~~) Post data about its completion rates, gainful
37 employment, employment rates, loan or indebtedness metrics, or its
38 graduates' median hourly and annual earnings, (~~the posted data~~)
39 consistent with the data posted on the workforce training and

1 education coordinating board's career bridge web site or the data
2 posted by the United States department of education, if the board or
3 the department of education has posted such data;

4 (b) Not engage in any practice regarding the sale of, or inducing
5 of students to obtain, specific consumer student loan products to
6 fund education that financially benefits any person or entity that
7 has an ownership interest in the institution, unless the institution
8 can demonstrate to the council that the student has exhausted all
9 federal aid options and has been denied noninstitutional private
10 commercial loan products. The prohibition in this subsection (1)(b)
11 applies to any degree-granting institution authorized to operate
12 under this chapter, and any agent of the institution, that has at
13 least one hundred fifty students or more enrolled in the state in any
14 given year or that has been operating in the state for less than two
15 consecutive years. A financial benefit for purposes of this
16 subsection (1)(b) does not include merely having an interest in
17 students with loans enrolling in the institution or assisting
18 students with financial aid matters. For purposes of this subsection
19 (1)(b), "agent" means any employee, officer, or contractor working on
20 behalf of the institution; and

21 (c) Disclose to the council regarding any pending investigations
22 by an oversight entity, including the nature of that investigation,
23 within thirty days of the degree-granting institution's first
24 knowledge of the investigation. For the purposes of this subsection,
25 "investigation" means any inquiry into possible violations of any
26 applicable laws or accreditation standards. For the purposes of this
27 subsection, "oversight entity" means all of the following:

28 (i) Any federal or state entity that provides financial aid to
29 students of the institution or approves the institution for
30 participation in a financial aid program;

31 (ii) Any state or federal attorney general's office or department
32 of justice;

33 (iii) Any regulator that approves the operation of the private
34 vocational school;

35 (iv) The federal consumer financial protection bureau or the
36 federal securities and exchange commission; and

37 (v) Any accrediting agency.

38 (2) A violation of any provision of this section is also a
39 violation of RCW 19.86.020 of the consumer protection act. The
40 penalties authorized pursuant to subsection (1) of this section do

1 not preclude remedies available under the provisions of the consumer
2 protection act.

3 **Sec. 6.** RCW 28C.10.050 and 2018 c 203 s 6 are each amended to
4 read as follows:

5 (1) The agency shall adopt by rule minimum standards for entities
6 operating private vocational schools. The minimum standards shall
7 include, but not be limited to, requirements to assess whether a
8 private vocational school is eligible to obtain and maintain a
9 license in this state.

10 (2) The requirements adopted by the agency shall, at a minimum,
11 require a private vocational school to:

12 (a) Disclose to the agency information about its ownership and
13 financial position and demonstrate to the agency that the school is
14 financially viable and responsible and that it has sufficient
15 financial resources to fulfill its commitments to students. Financial
16 disclosures provided to the agency shall not be subject to public
17 disclosure under chapter 42.56 RCW;

18 (b) Follow a uniform statewide cancellation and refund policy as
19 specified by the agency;

20 (c) Disclose through use of a school catalog, web site, brochure,
21 or other written material, necessary information to students so that
22 students may make informed enrollment decisions. The agency shall
23 specify what data and information are required. To the extent that
24 these web sites or materials present any data on the completion
25 rates, employment rates, gainful employment, loan or indebtedness
26 metrics, and its graduates' median hourly and annual earnings for any
27 of the private vocational schools or its programs, the posted data
28 must be consistent with the data posted on the agency's career bridge
29 web site or the data posted by the United States department of
30 education, if the agency or the department of education has posted
31 such data. Nothing in this subsection requires the agency to make
32 changes to the career bridge web site or add new elements or features
33 to the career bridge web site;

34 (d) Use an enrollment contract or agreement that includes: (i)
35 The school's cancellation and refund policy, (ii) a brief statement
36 that the school is licensed under this chapter and that inquiries,
37 concerns, or complaints may be made to the agency, and (iii) other
38 necessary information as determined by the agency;

1 (e) Describe accurately and completely in writing to students
2 before their enrollment prerequisites and requirements for (i)
3 completing successfully the programs of study in which they are
4 interested and (ii) qualifying for the fields of employment for which
5 their education is designed;

6 (f) Comply with the requirements of RCW 28C.10.084;

7 (g) Assess the basic skills and relevant aptitudes of each
8 potential student to determine that a potential student has the basic
9 skills and relevant aptitudes necessary to complete and benefit from
10 the program in which the student plans to enroll, including but not
11 limited to administering a United States department of education-
12 approved English as a second language exam before enrolling students
13 for whom English is a second language unless the students provide
14 proof of graduation from a United States high school or proof of
15 completion of a high school equivalency certificate as provided in
16 RCW 28B.50.536 in English or results of another academic assessment
17 determined appropriate by the agency. Guidelines for such assessments
18 shall be developed by the agency, in consultation with the schools;

19 (h) Discuss with each potential student the potential student's
20 obligations in signing any enrollment contract and/or incurring any
21 debt for educational purposes. The discussion shall include the
22 inadvisability of acquiring an excessive educational debt burden that
23 will be difficult to repay given employment opportunities and average
24 starting salaries in the potential student's chosen occupation;

25 (i) Ensure that any enrollment contract between the private
26 vocational school and its students has an attachment in a format
27 provided by the agency. The attachment shall be signed by both the
28 school and the student. The attachment shall stipulate that the
29 school has complied with (h) of this subsection and that the student
30 understands and accepts his or her responsibilities in signing any
31 enrollment contract or debt application. The attachment shall also
32 stipulate that the enrollment contract shall not be binding for at
33 least five days, excluding Sundays and holidays, following signature
34 of the enrollment contract by both parties;

35 (j) Comply with the requirements related to qualifications of
36 administrators and instructors; (~~and~~)

37 (k) Comply with the requirements of section 7 of this act; and

38 (l) Disclose to the agency regarding any pending investigations
39 by an oversight entity, including the nature of that investigation,
40 within thirty days of the school's first knowledge of the

1 investigation. For the purposes of this subsection, "investigation"
2 means any inquiry into possible violations of any applicable laws or
3 accreditation standards. For the purposes of this subsection,
4 "oversight entity" means all of the following:

5 (i) Any federal or state entity that provides financial aid to
6 students of the institution or approves the school for participation
7 in a financial aid program;

8 (ii) Any state or federal attorney general's office or department
9 of justice;

10 (iii) Any regulator that approves the operation of the private
11 vocational school;

12 (iv) The federal consumer financial protection bureau or the
13 federal securities and exchange commission; and

14 (v) Any accrediting agency.

15 (3) A private vocational school that has at least one hundred
16 fifty students or more in the state during any given year, or that
17 has been operating in the state for less than two consecutive years,
18 or that has not had at least one of its programs recognized by the
19 agency as an eligible training provider for at least two consecutive
20 years, may not engage in any practice regarding the sale of, or
21 inducing of students to obtain, specific consumer student loan
22 products to fund education that financially benefits any person or
23 entity that has an ownership interest in the institution, unless the
24 institution can demonstrate to the agency that the student has
25 exhausted all federal aid options and has been denied
26 noninstitutional private commercial loan products. A financial
27 benefit for purposes of this subsection does not include merely
28 having an interest in students with loans enrolling in the
29 institution or assisting students with financial aid matters. For
30 purposes of this subsection, "agent" means any employee, officer, or
31 contractor working on behalf of the institution.

32 (4) The agency may deny a private vocational school's application
33 for licensure if the school fails to meet the requirements in this
34 section.

35 (5) The agency may determine that a licensed private vocational
36 school or a particular program of a private vocational school is at
37 risk of closure or termination if:

38 (a) There is a pattern or history of substantiated student
39 complaints filed with the agency pursuant to RCW 28C.10.120; or

1 (b) The private vocational school fails to meet minimum licensing
2 requirements and has a pattern or history of failing to meet the
3 minimum requirements.

4 (6) If the agency determines that a private vocational school or
5 a particular program is at risk of closure or termination, the agency
6 shall require the school to take corrective action.

7 NEW SECTION. **Sec. 7.** A new section is added to chapter 28C.10
8 RCW to read as follows:

9 (1) The agency shall require that programs offered by private
10 vocational schools authorized to operate under this chapter must
11 prepare students for gainful employment in a recognized occupation.
12 Gainful employment requirements must be based on debt-to-earnings
13 rates demonstrating whether students completing the program will
14 likely be able to reasonably repay student loan debts incurred for
15 attending the private vocational school, based on earnings from
16 employment in the field for which they are seeking certification or
17 training.

18 (2) The agency shall determine acceptable debt-to-earnings rates
19 for programs and private vocational schools for the purposes of
20 determining whether the program or private vocational school
21 continues to be eligible to participate in the state's financial aid
22 programs or to operate in the state.

23 (3)(a) To implement this section, the agency shall require
24 private vocational schools authorized to operate under this chapter
25 to collect student level data. At a minimum, student-level data must
26 include a student's social security number, birth date, and financial
27 aid awards if the student received financial aid. Financial aid
28 awards include the amount of federal, state, and institutional loans,
29 grants, or scholarships the student received of which the private
30 vocational school is aware.

31 (b) Private vocational schools authorized to operate under this
32 chapter shall make student-level data available to the agency for
33 analysis and calculation.

34 (c) The agency shall establish the minimum threshold of students
35 required in a program cohort to have a meaningful debt-to-earnings
36 rate for a particular program or private vocational school. If
37 meaningful debt-to-earnings rates cannot be established for a
38 particular program or private vocational school, the agency shall
39 evaluate student level data and other information to assess earnings

1 in relation to cost of attendance, taking into consideration the
2 length of the particular program. The agency shall publish its
3 assessment of earnings-to-cost of attendance in lieu of debt-to-
4 earnings rates.

5 (4) Beginning no later than July 1, 2021, and every year
6 thereafter, each private vocational school must publish on its web
7 site the debt-to-earnings rates. The agency shall also publish on its
8 web site the debt-to-earnings rates of programs and private
9 vocational schools.

10 **Sec. 8.** RCW 28C.10.110 and 2018 c 203 s 7 are each amended to
11 read as follows:

12 (1) It is a violation of this chapter for an entity operating a
13 private vocational school to engage in an unfair business practice.
14 The agency may deny, revoke, or suspend the license of any entity
15 that is found to have engaged in a substantial number of unfair
16 business practices or that has engaged in significant unfair business
17 practices.

18 (2) It is an unfair business practice for an entity operating a
19 private vocational school or an agent employed by a private
20 vocational school to:

21 (a) Fail to comply with the terms of a student enrollment
22 contract or agreement;

23 (b) Use an enrollment contract form, catalog, brochure, or
24 similar written material affecting the terms and conditions of
25 student enrollment other than that previously submitted to the agency
26 and authorized for use;

27 (c) Advertise in the help wanted section of a newspaper or
28 otherwise represent falsely, directly or by implication, that the
29 school is an employment agency, is making an offer of employment or
30 otherwise is attempting to conceal the fact that what is being
31 represented are course offerings of a school;

32 (d) Represent falsely, directly or by implication, that an
33 educational program is approved by a particular industry or that
34 successful completion of the program qualifies a student for
35 admission to a labor union or similar organization or for the receipt
36 of a state license in any business, occupation, or profession;

37 (e) Represent falsely, directly or by implication, that a student
38 who successfully completes a course or program of instruction may

1 transfer credit for the course or program to any institution of
2 higher education;

3 (f) Represent falsely, directly or by implication, in advertising
4 or in any other manner, the school's size, location, facilities,
5 equipment, faculty qualifications, number of faculty, or the extent
6 or nature of any approval received from an accrediting association;

7 (g) Represent that the school is approved, recommended, or
8 endorsed by the state of Washington or by the agency, except the fact
9 that the school is authorized to operate under this chapter may be
10 stated;

11 (h) Provide prospective students with: Any testimonial,
12 endorsement, or other information that a reasonable person would find
13 likely to mislead or deceive prospective students or the public,
14 including those regarding current practices of the school;
15 information regarding rates of completion or postgraduation
16 employment by industry, or its graduates' median hourly or annual
17 earnings, that is not consistent with the presentation of data as
18 established under RCW 28C.10.050(2)(c); current conditions for
19 employment opportunities; postgraduation employment by industry or
20 probable earnings in the occupation for which the education was
21 designed; total cost to obtain a diploma or certificate; the
22 acceptance of a diploma or certificate by employers as a
23 qualification for employment; the acceptance of courses, a diploma,
24 or certificate by higher education institutions; the likelihood of
25 obtaining financial aid or low-interest loans for tuition; and the
26 ability of graduates to repay loans;

27 (i) Designate or refer to sales representatives as "counselors,"
28 "advisors," or similar terms which have the tendency to mislead or
29 deceive prospective students or the public regarding the authority or
30 qualifications of the sales representatives;

31 (j) Make or cause to be made any statement or representation in
32 connection with the offering of education if the school or agent
33 knows or reasonably should have known the statement or representation
34 to be false, substantially inaccurate, or misleading;

35 (k) Engage in methods of advertising, sales, collection, credit,
36 or other business practices which are false, deceptive, misleading,
37 or unfair, as determined by the agency by rule;

38 (l) Attempt to recruit students in or within forty feet of a
39 building that contains a welfare or unemployment office. Recruiting
40 includes, but is not limited to canvassing and surveying. Recruiting

1 does not include leaving materials at or near an office for a person
2 to pick up of his or her own accord, or handing a brochure or leaflet
3 to a person provided that no attempt is made to obtain a name,
4 address, telephone number, or other data, or to otherwise actively
5 pursue the enrollment of the individual;

6 (m) Violate RCW 28C.10.050(3) regarding the sale of, or inducing
7 of students to obtain, specific consumer student loan products;
8 (~~o~~)

9 (n) Use any official United States military logos in advertising
10 or promotional materials; or

11 (o) Not be in compliance with the gainful employment requirements
12 established by rule.

13 NEW SECTION. **Sec. 9.** A new section is added to chapter 18.16
14 RCW to read as follows:

15 (1) The director, in consultation with the workforce training and
16 education coordinating board, shall require that programs offered by
17 schools authorized to operate under this chapter must prepare
18 students for gainful employment in a recognized occupation. Gainful
19 employment requirements must be based on debt-to-earnings rates
20 demonstrating whether students completing the program will likely be
21 able to reasonably repay student loan debts incurred for attending
22 the school, based on earnings from employment in the field for which
23 they are seeking a certification or training.

24 (2) The director, in consultation with the workforce training and
25 education coordinating board, shall determine acceptable debt-to-
26 earnings rates for programs and schools for the purposes of
27 determining whether the program or school continues to be eligible to
28 participate in the state's financial aid programs or to operate in
29 the state.

30 (3)(a) To implement this section, the director shall require
31 schools authorized to operate under this chapter to collect student-
32 level data. At a minimum, student-level data must include a student's
33 social security number, birth date, and financial aid awards if the
34 student received financial aid. Financial aid awards include the
35 amount of federal, state, and institutional loans, grants, or
36 scholarships the student received of which the school is aware.

37 (b) Schools authorized to operate under this chapter shall make
38 student-level data available to the workforce training and education
39 coordinating board for analysis and calculation.

1 (c) The director, in consultation with the workforce training and
2 education coordinating board, shall establish the minimum threshold
3 of students required in a program cohort to have a meaningful debt-
4 to-earnings rate for a particular program or school. If meaningful
5 debt-to-earnings rates cannot be established for a particular program
6 or school, the workforce training and education coordinating board
7 shall evaluate student-level data and other information to assess
8 earnings in relation to cost of attendance, taking into consideration
9 the length of the particular program. The workforce training and
10 education coordinating board shall publish its assessment of
11 earnings-to-cost of attendance in lieu of debt-to-earnings rates.

12 (4) Beginning no later than July 1, 2021, and every year
13 thereafter, a school authorized to operate under this chapter shall
14 publish on its web site the school's debt-to-earnings rates. The
15 workforce training and education coordinating board shall also
16 publish on its web site the debt-to-earnings rates of programs and
17 schools authorized to operate under this chapter.

18 **Sec. 10.** RCW 18.16.150 and 2002 c 86 s 215 are each amended to
19 read as follows:

20 (1) Schools shall be audited and inspected by the director or the
21 director's designee for compliance with this chapter at least once a
22 year. If the director determines that a licensed school is not
23 maintaining the standards required according to this chapter, written
24 notice thereof shall be given to the school. A school which fails to
25 correct these conditions to the satisfaction of the director within a
26 reasonable time may be subject to penalties imposed under RCW
27 18.235.110.

28 (2) If the director determines that a licensed school is not in
29 compliance with the gainful employment requirements, the director may
30 take corrective action, as provided by rules adopted under section 9
31 of this act.

32 **OMBUDS FOR STUDENTS OF FOR-PROFIT HIGHER EDUCATION INSTITUTIONS**

33 NEW SECTION. **Sec. 11.** A new section is added to chapter 28B.77
34 RCW to read as follows:

35 (1) There is created an ombuds office for the purposes of
36 providing advocacy, support, and assistance to students of for-profit
37 and formerly for-profit degree-granting institutions, private

1 vocational schools, and other for-profit schools. The ombuds office
2 is housed within the council, but shall maintain independent
3 authority to carry out its duties. The ombuds shall be appointed by
4 the governor and reports directly to the governor. The ombuds may
5 employ technical experts and other staff to carry out the purposes of
6 the ombuds office.

7 (2) The person appointed as the ombuds shall hold office for a
8 term of four years and shall continue to hold office until
9 reappointed or until a successor is appointed.

10 (3) The ombuds is available to all students of for-profit and
11 formerly for-profit degree-granting institutions authorized to
12 operate under chapter 28B.85 RCW, private vocational schools
13 regulated by the workforce training and education coordinating board,
14 and schools, as defined under RCW 18.16.020, licensed by the
15 department of licensing. The ombuds shall be responsive to the needs
16 of students regardless of which agency provides oversight.

17 (4) The ombuds shall, at a minimum:

18 (a) Assist students in submitting complaints to the appropriate
19 oversight agencies, and when appropriate, be an advocate for students
20 filing complaints;

21 (b) To the extent there is no conflict when acting as an advocate
22 for a particular student's complaint, provide consultation,
23 information, or other assistance to the council, workforce training
24 and education coordinating board, department of licensing, the office
25 of the attorney general, or other agency that is investigating or
26 working towards resolving a student's complaint;

27 (c) Coordinate and share information with the office of the
28 attorney general on claims alleging violations of the consumer
29 protection act and work with the office of the attorney general to
30 track patterns of complaints and responses from institutions and
31 schools;

32 (d) Coordinate with the oversight agencies on administering the
33 complaint portal created under RCW 28B.77.110 and ensuring the ombuds
34 has access to information on complaints received through the portal;

35 (e) Track the status of complaints and collect data about the
36 nature and volume of complaints, the timeline for complaint
37 resolutions, and student satisfaction with the complaint process;

38 (f) Participate in meetings with students and agencies regarding
39 school closures;

1 (g) Develop and maintain resources for students affected by
2 school closures, including articulation agreements; and

3 (h) Provide information and support to students affected by
4 school closures, specifically to the academic and financial impacts
5 the school closure has on students.

6 (5) Beginning December 1, 2020, the ombuds shall submit a report
7 every six months to the council, the workforce training and education
8 coordinating board, and the department of licensing, that includes,
9 at a minimum:

10 (a) The number of students who contacted the ombuds in the prior
11 six months;

12 (b) The number of complaints for which the ombuds provided
13 assistance and the number of complaints for which the ombuds acted as
14 an advocate, and the outcomes of the complaints;

15 (c) Any patterns the ombuds identifies regarding the frequency
16 and types of complaints per institution or school and per type of
17 institution or school, and the responsiveness of the institution or
18 school; and

19 (d) Any outstanding or unresolved concerns or recommendations by
20 the ombuds.

21 (6) The ombuds is not liable for the good faith performance of
22 his or her duties.

23 **Sec. 12.** RCW 28B.85.090 and 2018 c 203 s 3 are each amended to
24 read as follows:

25 (1) Complaints may be filed with the council under this chapter
26 by a person claiming loss of tuition or fees as a result of an unfair
27 business practice. The complaint shall set forth the alleged
28 violation and shall contain information required by the council. A
29 complaint may also be filed with the council by an authorized staff
30 member of the council or by the attorney general.

31 (2) The council shall investigate any complaint under this
32 section and may work with the ombuds office created under section 11
33 of this act and attempt to bring about a settlement. The council may
34 hold a hearing pursuant to the Administrative Procedure Act, chapter
35 34.05 RCW, in order to determine whether a violation has occurred. If
36 the council prevails, the degree-granting institution shall pay the
37 costs of the administrative hearing.

38 (3) If, after the hearing, the council finds that the institution
39 or its agent engaged in or is engaging in any unfair business

1 practice, the council shall issue and cause to be served upon the
2 violator an order requiring the violator to cease and desist from the
3 act or practice and may impose the penalties under RCW 28B.85.095 and
4 28B.85.100. If the council finds that the complainant has suffered
5 loss as a result of the act or practice, the council may order full
6 or partial restitution for the loss. The complainant is not bound by
7 the council's determination of restitution and may pursue any other
8 legal remedy.

9 (4) If the ombuds office created under section 11 of this act was
10 not involved in the complaint, the council shall forward information
11 about the complaint and information about any settlement or other
12 resolution to the ombuds office for the purposes of tracking
13 complaints.

14 **Sec. 13.** RCW 28C.10.120 and 2014 c 11 s 7 are each amended to
15 read as follows:

16 (1) Complaints may be filed under this chapter only by a current
17 student or exiter of a program or training affected by an unfair
18 business practice. The complaint shall set forth the alleged
19 violation and shall contain information required by the agency on
20 forms provided for that purpose. A complaint may also be filed with
21 the agency by an authorized staff member of the agency or by the
22 attorney general.

23 (2) The agency shall investigate any complaint under this section
24 and shall first attempt to bring about a negotiated settlement. The
25 agency director or the director's designee may conduct an informal
26 hearing with the affected parties in order to determine whether a
27 violation has occurred. The agency may work with the ombuds office
28 created in section 11 of this act in attempting to resolve the
29 complaint.

30 (3) If the agency finds that the private vocational school or its
31 agent engaged in or is engaging in any unfair business practice, the
32 agency shall issue and cause to be served upon the violator an order
33 requiring the violator to cease and desist from the act or practice
34 and may impose the penalties provided under RCW 28C.10.130. If the
35 agency finds that the complainant has suffered loss as a result of
36 the act or practice, the agency may order the violator to pay full or
37 partial restitution of any amounts lost. The loss may include any
38 money paid for tuition, required or recommended course materials, and

1 any reasonable living expenses incurred by the complainant during the
2 time the complainant was enrolled at the school.

3 (4) The complainant is not bound by the agency's determination of
4 restitution. The complainant may reject that determination and may
5 pursue any other legal remedy, including contacting the ombuds office
6 created in section 11 of this act for assistance.

7 (5) The violator may, within twenty days of being served any
8 order described under subsection (3) of this section, file an appeal
9 under the administrative procedure act, chapter 34.05 RCW. Timely
10 filing stays the agency's order during the pendency of the appeal. If
11 the agency prevails, the appellant shall pay the costs of the
12 administrative hearing.

13 (6) If a private vocational school closes without providing
14 adequate notice to its enrolled students, the agency shall provide
15 transition assistance to the school's students including, but not
16 limited to, information regarding: (a) Transfer options available to
17 students; (b) financial aid discharge eligibility and procedures; (c)
18 the labor market, job search strategies, and placement assistance
19 services; and (d) other support services available to students.

20 (7) If the ombuds office created in section 11 of this act was
21 not involved in the complaint, the agency shall forward information
22 about the complaint and information about any settlement or other
23 resolution to the ombuds office for the purposes of tracking
24 complaints.

25 **Sec. 14.** RCW 18.16.160 and 2004 c 51 s 8 are each amended to
26 read as follows:

27 (1) In addition to any other legal remedy, any student or
28 instructor-trainee having a claim against a school may bring suit
29 upon the approved security required in RCW 18.16.140(1)(d) in the
30 superior or district court of Thurston county or the county in which
31 the educational services were offered by the school. Action upon the
32 approved security shall be commenced by filing the complaint with the
33 clerk of the appropriate superior or district court within one year
34 from the date of the cancellation of the approved security: PROVIDED,
35 That no action shall be maintained upon the approved security for any
36 claim which has been barred by any nonclaim statute or statute of
37 limitations of this state. Service of process in an action upon the
38 approved security shall be exclusively by service upon the director.
39 Two copies of the complaint shall be served by registered or

1 certified mail upon the director at the time the suit is started.
2 Such service shall constitute service on the approved security and
3 the school. The director shall transmit the complaint or a copy
4 thereof to the school at the address listed in the director's records
5 and to the surety within forty-eight hours after it has been
6 received. The approved security shall not be liable in an aggregate
7 amount in excess of the amount named in the approved security. In any
8 action on an approved security, the prevailing party is entitled to
9 reasonable attorney's fees and costs.

10 (2) The director shall maintain a record, available for public
11 inspection, of all suits commenced under this chapter upon approved
12 security. The director shall also forward information about the suit
13 and information about any settlement or other resolution to the
14 ombuds office created under section 11 of this act for the purposes
15 of tracking complaints.

16 **Sec. 15.** RCW 28B.77.110 and 2018 c 203 s 13 are each amended to
17 read as follows:

18 (1) Within existing resources, the student achievement council,
19 the workforce training and education coordinating board, and the
20 department of licensing shall collaborate to create a single portal
21 for student complaints regarding issues related to consumer
22 protection, disclosures, school or program closures, or other
23 violations committed by institutions regulated by those three
24 agencies. The persons staffing the portal shall refer complaints to
25 the appropriate agency and work with the ombuds created under section
26 11 of this act as a liaison between the student and relevant agency
27 to assist in resolving the concerns or complaint. Each agency shall
28 ensure that all students enrolled in, applying to enroll in, or
29 obtaining loans at, institutions regulated by the agency are informed
30 of the portal, including how to contact staff at the portal and how
31 to file complaints. The persons staffing the portal will report to
32 the legislature annually by November 1, 2018, the number of
33 complaints and their resolution status.

34 (2) Each agency shall coordinate with the ombuds office created
35 under section 11 of this act to ensure that the ombuds has access to
36 information regarding complaints received through the portal.

37 (3) Each agency shall ensure that the institutions and schools
38 the agency regulates provide prominent and clear notice to students
39 about the complaint portal and the ombuds office. The institution's

1 and school's notice must contain the same information as the notices
2 provided by the agencies regarding the portal's web site address, how
3 to contact staff at the portal, how to file complaints, and how to
4 contact the ombuds office. The notice must be easily accessible on
5 the institution's or school's web site and in written materials.

6 **TUITION RECOVERY TRUST FUNDS AND SURETY BONDS**

7 NEW SECTION. **Sec. 16.** The legislature recognizes that program
8 closures can create unique challenges and financial harm to students
9 whose programs have been terminated before the students complete the
10 programs. "Teach out" options often do not offer students reasonable
11 options for completing programs. Those students face similar
12 challenges as students experiencing schools closures. Therefore, the
13 legislature intends to allow tuition recovery trust funds and surety
14 bonds to be used, not just in the event of schools closures, but also
15 to address harm created by program closures and violations of the law
16 governing the various for-profit degree-granting institutions and
17 private career schools.

18 **Sec. 17.** RCW 28B.85.070 and 2012 c 229 s 548 are each amended to
19 read as follows:

20 (1) The council may:

21 (a) Require any degree-granting institution to have on file with
22 the council an approved surety bond or other security in lieu of a
23 bond in an amount determined by the council; and

24 (b) Eliminate the bond requirement for any degree-granting
25 institution if the threshold amount for the student achievement
26 council tuition recovery trust fund created in RCW 28B.85.230 has
27 been met and the council determines that students of the degree-
28 granting institution would be adequately protected without a surety
29 bond or other security in lieu of a bond.

30 (2) In lieu of a surety bond, an institution may deposit with the
31 council a cash deposit or other negotiable security acceptable to the
32 council. The security deposited with the council in lieu of the
33 surety bond shall be returned to the institution one year after the
34 institution's authorization has expired or been revoked if legal
35 action has not been instituted against the institution or the
36 security deposit at the expiration of the year. The obligations and
37 remedies relating to surety bonds authorized by this section,

1 including but not limited to the settlement of claims procedure in
2 subsection (5) of this section, shall apply to deposits filed with
3 the council, as applicable.

4 (3) Each bond shall:

5 (a) Be executed by the institution as principal and by a
6 corporate surety licensed to do business in the state;

7 (b) Be payable to the state for the benefit and protection of any
8 student or enrollee of an institution, or, in the case of a minor,
9 his or her parents or guardian;

10 (c) Be conditioned on compliance with all provisions of this
11 chapter and the council's rules adopted under this chapter;

12 (d) Require the surety to give written notice to the council at
13 least thirty-five days before cancellation of the bond; and

14 (e) Remain in effect for one year following the effective date of
15 its cancellation or termination as to any obligation occurring on or
16 before the effective date of cancellation or termination.

17 (4) Upon receiving notice of a bond cancellation, the council
18 shall notify the institution that the authorization will be suspended
19 on the effective date of the bond cancellation unless the institution
20 files with the council another approved surety bond or other
21 security. The council may suspend or revoke the authorization at an
22 earlier date if it has reason to believe that such action will
23 prevent students from losing their tuition or fees.

24 (5) If a complaint is filed under RCW 28B.85.090(1) or any other
25 provision under this chapter against an institution, the council may
26 file a claim against the surety and settle claims against the surety
27 by following the procedure in this subsection.

28 (a) The council shall attempt to notify all potential claimants.
29 If the absence of records or other circumstances makes it impossible
30 or unreasonable for the council to ascertain the names and addresses
31 of all the claimants, the council after exerting due diligence and
32 making reasonable inquiry to secure that information from all
33 reasonable and available sources, may make a demand on a bond on the
34 basis of information in the council's possession. The council is not
35 liable or responsible for claims or the handling of claims that may
36 subsequently appear or be discovered.

37 (b) Thirty days after notification, if a claimant fails, refuses,
38 or neglects to file with the council a verified claim, the council
39 shall be relieved of further duty or action under this chapter on
40 behalf of the claimant.

1 (c) After reviewing the claims, the council may make demands upon
2 the bond on behalf of those claimants whose claims have been filed.
3 The council may settle or compromise the claims with the surety and
4 may execute and deliver a release and discharge of the bond.

5 (d) If the surety refuses to pay the demand, the council may
6 bring an action on the bond in behalf of the claimants. If an action
7 is commenced on the bond, the council may require a new bond to be
8 filed.

9 (e) Within ten days after a recovery on a bond or other posted
10 security has occurred, the institution shall file a new bond or
11 otherwise restore its security on file to the required amount.

12 (6) The liability of the surety shall not exceed the amount of
13 the bond.

14 **Sec. 18.** RCW 28B.85.230 and 2018 c 203 s 11 are each amended to
15 read as follows:

16 (1)(a) For the purposes of providing relief to students impacted
17 by the voluntary or involuntary closure of schools or programs, loss
18 of accreditation, or other actions or events for which students may
19 file complaints against schools regulated under this chapter, the
20 council shall establish, maintain, and administer a student
21 achievement council tuition recovery trust fund created in RCW
22 28B.85.240. All funds collected for the student achievement council
23 tuition recovery trust fund are payable to the state for the benefit
24 and protection of any student or enrollee of a private school
25 licensed under this chapter, for purposes including but not limited
26 to the settlement of claims related to school closures and other
27 actions or events for which students may file complaints.

28 (b) No liability accrues to the state from claims made against
29 the student achievement council tuition recovery trust fund.

30 (c) The council may require a student to reimburse the council
31 for any moneys provided to the student from the student achievement
32 council tuition recovery trust fund if the student was provided
33 relief from or through a source other than the student achievement
34 council tuition recovery trust fund. Relief from other sources
35 includes, for example, student loan forgiveness or damages awarded
36 under a cause of action alleging violations of the consumer
37 protection act.

1 (2) (a) The council may impose a fee structure, set forth in rule,
2 on schools licensed under this chapter to fund the student
3 achievement council tuition recovery trust fund.

4 (b) The council must determine an amount that would be sufficient
5 in the student achievement council tuition recovery trust fund to
6 provide relief to students (~~((in the event of a school closure))~~). The
7 council shall adopt schedules of times and amounts for effecting
8 payments of fees. To reach the amount determined, the council may
9 phase in the collection of fees, but must achieve the amount
10 determined to be sufficient no later than (~~((five))~~) seven years from
11 June 7, 2018.

12 (3) Money from the student achievement council tuition recovery
13 trust fund may be used for:

14 (a) Providing refunds to students (~~((affected by))~~) of tuition and
15 fees that were paid for courses in which the student was unable to
16 earn credits due to program or school closures;

17 (b) Providing relief, including direct damages if appropriate, to
18 students affected by a school's actions that are determined to be
19 violations of this chapter;

20 (c) Securing and administering student records; and

21 (~~((e))~~) (d) Any other response the council determines is
22 necessary to mitigate impacts of a potential or actual school closure
23 or of an event or action taken by the school that is in violation of
24 this chapter.

25 (4) In order for a school to be and remain licensed under this
26 chapter, each school owner shall, in addition to other requirements
27 under this chapter, make cash deposits on behalf of the school into a
28 student achievement council tuition recovery trust fund.

29 (5) The student achievement council tuition recovery trust fund's
30 liability with respect to each participating school commences on the
31 date of the initial deposit into the student achievement council
32 tuition recovery trust fund made on its behalf and ceases one year
33 from the date the school is no longer licensed under this chapter.

34 (6) The council shall adopt by rule a matrix for calculating the
35 deposits into the student achievement council tuition recovery trust
36 fund on behalf of each school.

37 (7) No vested right or interest in deposited funds is created or
38 implied for the depositor at any time during the operation of the
39 student achievement council tuition recovery trust fund or at any
40 such future time that the student achievement council tuition

1 recovery trust fund may be dissolved. All funds deposited are payable
2 to the state for the purposes described under this section. The
3 council shall maintain the student achievement council tuition
4 recovery trust fund, serve appropriate notices to affected owners
5 when scheduled deposits are due, collect deposits, and make
6 disbursements to settle claims against the student achievement
7 council tuition recovery trust fund.

8 (8) The council shall adopt rules to address notifying potential
9 claimants, settling claims, disbursing funds, and any other processes
10 necessary to implement the purpose of this section.

11 **Sec. 19.** RCW 18.16.310 and 2018 c 203 s 9 are each amended to
12 read as follows:

13 (1)(a) For the purposes of providing relief to students impacted
14 by the voluntary or involuntary closure of schools or programs, loss
15 of accreditation, or other actions or events for which students may
16 file complaints against schools regulated under this chapter, the
17 director shall establish, maintain, and administer a department of
18 licensing tuition recovery trust fund created in RCW 18.16.320. The
19 department of licensing tuition recovery trust fund shall be
20 established no later than January 1, 2019. All funds collected for
21 the department of licensing tuition recovery trust fund are payable
22 to the state for the benefit and protection of any student or
23 enrollee of a private school licensed under this chapter, for
24 purposes including but not limited to the settlement of claims
25 related to school closures and other actions or events for which
26 students may file complaints.

27 (b) No liability accrues to the state from claims made against
28 the department of licensing tuition recovery trust fund.

29 (c) The department may require a student to reimburse the
30 department for any moneys provided to the student from the department
31 of licensing tuition recovery trust fund if the student was provided
32 relief from or through a source other than the department of
33 licensing tuition recovery trust fund. Relief from other sources
34 includes, for example, loan forgiveness or damages awarded under a
35 cause of action alleging violations of the consumer protection act.

36 (2)(a) The director may impose a fee structure, set forth in
37 rule, on schools licensed under this chapter to fund the department
38 of licensing tuition recovery trust fund.

1 (b) The director must determine an amount that would be
2 sufficient in the department of licensing tuition recovery trust fund
3 to provide relief to students (~~(in the event of a school closure)~~).
4 The director shall adopt schedules of times and amounts for effecting
5 payments of fees. To reach the amount determined, the director may
6 phase in the collection of fees, but must achieve the amount
7 determined to be sufficient no later than (~~(five)~~) seven years from
8 June 7, 2018.

9 (3) Money from the department of licensing tuition recovery trust
10 fund may be used for:

11 (a) Providing refunds to students (~~(affected by)~~) of tuition and
12 fees that were paid for courses in which the student was unable to
13 earn credits due to program or school closures;

14 (b) Providing relief, including direct damages if appropriate, to
15 students affected by a school's actions that are determined to be
16 violations of this chapter;

17 (c) Securing and administering student records; and

18 (~~(e)~~) (d) Any other response the director determines is
19 necessary to mitigate impacts of a potential or actual school closure
20 or of an event or action taken by the school that is in violation of
21 this chapter.

22 (4) In order for a school to be and remain licensed under this
23 chapter, each school owner shall, in addition to other requirements
24 under this chapter, make cash deposits on behalf of the school into
25 the department of licensing tuition recovery trust fund.

26 (5) The department of licensing tuition recovery trust fund's
27 liability with respect to each participating school commences on the
28 date of the initial deposit into the department of licensing tuition
29 recovery trust fund made on its behalf and ceases one year from the
30 date the school is no longer licensed under this chapter.

31 (6) The director shall adopt by rule a matrix for calculating the
32 deposits into the department of licensing tuition recovery trust fund
33 on behalf of each school.

34 (7) No vested right or interest in deposited funds is created or
35 implied for the depositor at any time during the operation of the
36 department of licensing tuition recovery trust fund or at any such
37 future time that the department of licensing tuition recovery trust
38 fund may be dissolved. All funds deposited are payable to the state
39 for the purposes described in this section. The director shall
40 maintain the department of licensing tuition recovery trust fund,

1 serve appropriate notices to affected owners when scheduled deposits
2 are due, collect deposits, and make disbursements to settle claims
3 against the department of licensing tuition recovery trust fund.

4 (8) The director shall adopt rules to address notifying potential
5 claimants, settling claims, disbursing funds, and any other processes
6 necessary to implement the purpose of this section.

7 **Sec. 20.** RCW 43.79A.040 and 2018 c 260 s 28, 2018 c 258 s 4, and
8 2018 c 127 s 6 are each reenacted and amended to read as follows:

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

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

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

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

28 (b) The following accounts and funds must receive their
29 proportionate share of earnings based upon each account's or fund's
30 average daily balance for the period: The 24/7 sobriety account, the
31 Washington promise scholarship account, the Gina Grant Bull memorial
32 legislative page scholarship account, the Washington advanced college
33 tuition payment program account, the Washington college savings
34 program account, the accessible communities account, the Washington
35 achieving a better life experience program account, the community and
36 technical college innovation account, the agricultural local fund,
37 the American Indian scholarship endowment fund, the foster care
38 scholarship endowment fund, the foster care endowed scholarship trust
39 fund, the contract harvesting revolving account, the Washington state

1 combined fund drive account, the commemorative works account, the
2 county enhanced 911 excise tax account, the toll collection account,
3 the department of licensing tuition recovery trust fund, the
4 developmental disabilities endowment trust fund, the energy account,
5 the fair fund, the family and medical leave insurance account, the
6 fish and wildlife federal lands revolving account, the natural
7 resources federal lands revolving account, the food animal
8 veterinarian conditional scholarship account, the forest health
9 revolving account, the fruit and vegetable inspection account, the
10 future teachers conditional scholarship account, the game farm
11 alternative account, the GET ready for math and science scholarship
12 account, the Washington global health technologies and product
13 development account, the grain inspection revolving fund, the
14 Washington history day account, the industrial insurance rainy day
15 fund, the juvenile accountability incentive account, the law
16 enforcement officers' and firefighters' plan 2 expense fund, the
17 local tourism promotion account, the low-income home rehabilitation
18 revolving loan program account, the multiagency permitting team
19 account, the northeast Washington wolf-livestock management account,
20 the pilotage account, the produce railcar pool account, the regional
21 transportation investment district account, the rural rehabilitation
22 account, the Washington sexual assault kit account, the stadium and
23 exhibition center account, the youth athletic facility account, the
24 self-insurance revolving fund, the children's trust fund, the
25 Washington horse racing commission Washington bred owners' bonus fund
26 and breeder awards account, the Washington horse racing commission
27 class C purse fund account, the individual development account
28 program account, the Washington horse racing commission operating
29 account, the life sciences discovery fund, the Washington state
30 heritage center account, the reduced cigarette ignition propensity
31 account, the center for childhood deafness and hearing loss account,
32 the school for the blind account, the Millersylvania park trust fund,
33 the public employees' and retirees' insurance reserve fund, the
34 school employees' benefits board insurance reserve fund, (~~(the)~~)
35 the public employees' and retirees' insurance account, (~~(the)~~) the
36 school employees' insurance account, (~~and~~) the student achievement
37 council tuition recovery trust fund, the radiation perpetual
38 maintenance fund, and the tuition recovery trust fund.

39 (c) The following accounts and funds must receive eighty percent
40 of their proportionate share of earnings based upon each account's or

1 fund's average daily balance for the period: The advanced right-of-
2 way revolving fund, the advanced environmental mitigation revolving
3 account, the federal narcotics asset forfeitures account, the high
4 occupancy vehicle account, the local rail service assistance account,
5 and the miscellaneous transportation programs account.

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

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

16 **Sec. 21.** RCW 43.84.092 and 2018 c 287 s 7, 2018 c 275 s 10, and
17 2018 c 203 s 14 are each reenacted and amended to read as follows:

18 (1) All earnings of investments of surplus balances in the state
19 treasury shall be deposited to the treasury income account, which
20 account is hereby established in the state treasury.

21 (2) The treasury income account shall be utilized to pay or
22 receive funds associated with federal programs as required by the
23 federal cash management improvement act of 1990. The treasury income
24 account is subject in all respects to chapter 43.88 RCW, but no
25 appropriation is required for refunds or allocations of interest
26 earnings required by the cash management improvement act. Refunds of
27 interest to the federal treasury required under the cash management
28 improvement act fall under RCW 43.88.180 and shall not require
29 appropriation. The office of financial management shall determine the
30 amounts due to or from the federal government pursuant to the cash
31 management improvement act. The office of financial management may
32 direct transfers of funds between accounts as deemed necessary to
33 implement the provisions of the cash management improvement act, and
34 this subsection. Refunds or allocations shall occur prior to the
35 distributions of earnings set forth in subsection (4) of this
36 section.

37 (3) Except for the provisions of RCW 43.84.160, the treasury
38 income account may be utilized for the payment of purchased banking
39 services on behalf of treasury funds including, but not limited to,

1 depository, safekeeping, and disbursement functions for the state
2 treasury and affected state agencies. The treasury income account is
3 subject in all respects to chapter 43.88 RCW, but no appropriation is
4 required for payments to financial institutions. Payments shall occur
5 prior to distribution of earnings set forth in subsection (4) of this
6 section.

7 (4) Monthly, the state treasurer shall distribute the earnings
8 credited to the treasury income account. The state treasurer shall
9 credit the general fund with all the earnings credited to the
10 treasury income account except:

11 (a) The following accounts and funds shall receive their
12 proportionate share of earnings based upon each account's and fund's
13 average daily balance for the period: The abandoned recreational
14 vehicle disposal account, the aeronautics account, the aircraft
15 search and rescue account, the Alaskan Way viaduct replacement
16 project account, the brownfield redevelopment trust fund account, the
17 budget stabilization account, the capital vessel replacement account,
18 the capitol building construction account, the Cedar River channel
19 construction and operation account, the Central Washington University
20 capital projects account, the charitable, educational, penal and
21 reformatory institutions account, the Chehalis basin account, the
22 cleanup settlement account, the Columbia river basin water supply
23 development account, the Columbia river basin taxable bond water
24 supply development account, the Columbia river basin water supply
25 revenue recovery account, the common school construction fund, the
26 community forest trust account, the connecting Washington account,
27 the county arterial preservation account, the county criminal justice
28 assistance account, the deferred compensation administrative account,
29 the deferred compensation principal account, the department of
30 licensing services account, (~~the department of licensing tuition
31 recovery trust fund,~~) the department of retirement systems expense
32 account, the developmental disabilities community trust account, the
33 diesel idle reduction account, the drinking water assistance account,
34 the drinking water assistance administrative account, the early
35 learning facilities development account, the early learning
36 facilities revolving account, the Eastern Washington University
37 capital projects account, the Interstate 405 express toll lanes
38 operations account, the education construction fund, the education
39 legacy trust account, the election account, the electric vehicle
40 charging infrastructure account, the energy freedom account, the

1 energy recovery act account, the essential rail assistance account,
2 The Evergreen State College capital projects account, the federal
3 forest revolving account, the ferry bond retirement fund, the freight
4 mobility investment account, the freight mobility multimodal account,
5 the grade crossing protective fund, the public health services
6 account, (~~the high capacity transportation account,~~) the state
7 higher education construction account, the higher education
8 construction account, the highway bond retirement fund, the highway
9 infrastructure account, the highway safety fund, the high occupancy
10 toll lanes operations account, the hospital safety net assessment
11 fund, the industrial insurance premium refund account, the judges'
12 retirement account, the judicial retirement administrative account,
13 the judicial retirement principal account, the local leasehold excise
14 tax account, the local real estate excise tax account, the local
15 sales and use tax account, the marine resources stewardship trust
16 account, the medical aid account, the mobile home park relocation
17 fund, the money-purchase retirement savings administrative account,
18 the money-purchase retirement savings principal account, the motor
19 vehicle fund, the motorcycle safety education account, the multimodal
20 transportation account, the multiuse roadway safety account, the
21 municipal criminal justice assistance account, the natural resources
22 deposit account, the oyster reserve land account, the pension funding
23 stabilization account, the perpetual surveillance and maintenance
24 account, the pollution liability insurance agency underground storage
25 tank revolving account, the public employees' retirement system plan
26 1 account, the public employees' retirement system combined plan 2
27 and plan 3 account, the public facilities construction loan revolving
28 account beginning July 1, 2004, the public health supplemental
29 account, the public works assistance account, the Puget Sound capital
30 construction account, the Puget Sound ferry operations account, the
31 Puget Sound taxpayer accountability account, the real estate
32 appraiser commission account, the recreational vehicle account, the
33 regional mobility grant program account, the resource management cost
34 account, the rural arterial trust account, the rural mobility grant
35 program account, the rural Washington loan fund, the sexual assault
36 prevention and response account, the site closure account, the
37 skilled nursing facility safety net trust fund, the small city
38 pavement and sidewalk account, the special category C account, the
39 special wildlife account, the state employees' insurance account, the
40 state employees' insurance reserve account, the state investment

1 board expense account, the state investment board commingled trust
2 fund accounts, the state patrol highway account, the state route
3 number 520 civil penalties account, the state route number 520
4 corridor account, the state wildlife account, the statewide tourism
5 marketing account, (~~the student achievement council tuition recovery~~
6 ~~trust fund,~~) the supplemental pension account, the Tacoma Narrows
7 toll bridge account, the teachers' retirement system plan 1 account,
8 the teachers' retirement system combined plan 2 and plan 3 account,
9 the tobacco prevention and control account, the tobacco settlement
10 account, the toll facility bond retirement account, the
11 transportation 2003 account (nickel account), the transportation
12 equipment fund, the transportation future funding program account,
13 the transportation improvement account, the transportation
14 improvement board bond retirement account, the transportation
15 infrastructure account, the transportation partnership account, the
16 traumatic brain injury account, (~~the tuition recovery trust fund,~~)
17 the University of Washington bond retirement fund, the University of
18 Washington building account, the volunteer firefighters' and reserve
19 officers' relief and pension principal fund, the volunteer
20 firefighters' and reserve officers' administrative fund, the
21 Washington judicial retirement system account, the Washington law
22 enforcement officers' and firefighters' system plan 1 retirement
23 account, the Washington law enforcement officers' and firefighters'
24 system plan 2 retirement account, the Washington public safety
25 employees' plan 2 retirement account, the Washington school
26 employees' retirement system combined plan 2 and 3 account, the
27 Washington state health insurance pool account, the Washington state
28 patrol retirement account, the Washington State University building
29 account, the Washington State University bond retirement fund, the
30 water pollution control revolving administration account, the water
31 pollution control revolving fund, the Western Washington University
32 capital projects account, the Yakima integrated plan implementation
33 account, the Yakima integrated plan implementation revenue recovery
34 account, and the Yakima integrated plan implementation taxable bond
35 account. Earnings derived from investing balances of the agricultural
36 permanent fund, the normal school permanent fund, the permanent
37 common school fund, the scientific permanent fund, the state
38 university permanent fund, and the state reclamation revolving
39 account shall be allocated to their respective beneficiary accounts.

1 (b) Any state agency that has independent authority over accounts
2 or funds not statutorily required to be held in the state treasury
3 that deposits funds into a fund or account in the state treasury
4 pursuant to an agreement with the office of the state treasurer shall
5 receive its proportionate share of earnings based upon each account's
6 or fund's average daily balance for the period.

7 (5) In conformance with Article II, section 37 of the state
8 Constitution, no treasury accounts or funds shall be allocated
9 earnings without the specific affirmative directive of this section.

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