
SUBSTITUTE SENATE BILL 5883

State of Washington

63rd Legislature

2013 Regular Session

By Senate Ways & Means (originally sponsored by Senators Baumgartner, Bailey, Ericksen, Braun, Benton, Tom, Holmquist Newbry, Schoesler, Brown, Hill, Roach, and Hewitt)

READ FIRST TIME 04/05/13.

1 AN ACT Relating to higher education funding; amending RCW
2 28B.10.776 and 28B.77.090; reenacting and amending RCW 28B.15.067 and
3 28B.15.068; creating a new section; and repealing RCW 28B.10.778,
4 28B.10.780, 28B.10.782, 28B.10.784, and 28B.15.101.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that public
7 institutions of higher education have experienced dramatic reductions
8 in state support over the last four fiscal years, which have
9 necessitated large increases in tuition prices. The legislature
10 further finds that the combination of decreases in state funding and
11 increases in tuition have led to a scenario where public higher
12 education is being funded disproportionately by the students and their
13 families. Therefore, it is the intent of the legislature to more
14 equitably distribute the support of public higher education between the
15 state and students and their families by (1) establishing a funding
16 methodology that is based on enrollment levels with which to provide
17 predictable and stable baseline state funding to the institutions of
18 higher education; and (2) establishing a process whereby any state
19 funds over and above the level needed for the baseline levels of state

1 funding are distributed among the institutions of higher education
2 based on their performance in meeting statewide goals and expectations,
3 and to reward the highest performers.

4 It is the goal of the legislature that institutions of higher
5 education receive a baseline level of state funding that is sufficient
6 to allow ongoing access to postsecondary education for Washington
7 residents, particularly in high-demand degree programs, and to achieve
8 a more equitable share of support between the state and students and
9 their families. As a result, no later than April 26, 2015, the
10 legislature intends to revisit the level of state funding established
11 in section 2, chapter . . ., Laws of 2013 (section 2 of this act) and
12 determine whether any step adjustments are necessary.

13 **Sec. 2.** RCW 28B.10.776 and 1993 sp.s. c 15 s 2 are each amended to
14 read as follows:

15 ~~((It is the policy of the state of Washington that the essential~~
16 ~~requirements level budget calculation for))~~ (1) Beginning with fiscal
17 year 2014, institutions of higher education ((include enrollment levels
18 necessary to maintain, by educational sector, the participation rate
19 funded in the 1993 fiscal year. The participation rate shall be based
20 on the state's estimated population ages seventeen and above by
21 appropriate age groups)) shall receive a level of state funding that is
22 equal to the maintenance level appropriations in the omnibus
23 appropriations act for the 2013-2015 biennium expressed as a per-
24 resident student rate that is based on a three-year average of the
25 number of actual full-time equivalent enrolled resident students for
26 the current academic year and the two previous academic years as
27 reported in the state-funded public higher education enrollment reports
28 produced by the office of financial management.

29 (2) The per-resident student rates specified in subsection (1) of
30 this section shall increase each fiscal year by the rate of inflation
31 as measured by the implicit price deflator.

32 (3) The per-resident student rates specified in subsection (1) of
33 this section in existence at the time when specific appropriations are
34 made for creation or expansion of new or existing programs of study
35 shall receive a step adjustment in the following fiscal year to reflect
36 this additional level of funding.

1 (4) State universities, regional universities, The Evergreen State
2 College, and the state board for community and technical colleges are
3 legally entitled to receive the levels of state funding specified in
4 subsections (1) through (3) of this section.

5 (5) Beginning with fiscal year 2014, any state funds appropriated
6 for institutions of higher education that remain after satisfying the
7 per-resident student rates specified in subsections (1) through (3) of
8 this section, or any increases in state appropriations for the
9 institutions of higher education, must be distributed as provided in
10 this subsection (5).

11 (a) A proportionate share must be distributed to the state board
12 for community and technical colleges for disbursement to the community
13 and technical colleges based on performance in accordance with the
14 student achievement initiative.

15 (b) A proportionate share must be distributed to the public four-
16 year institution sector of higher education. This share must be
17 disbursed to the state universities, the regional universities, and The
18 Evergreen State College that have met the requirements in RCW
19 28B.77.090(2), and disbursement must be as specified in the omnibus
20 appropriations act based on a three-year average of performance, or in
21 recognition of the highest performing four-year institution of higher
22 education, in the following metrics:

- 23 (i) Average time to degree for undergraduate students;
- 24 (ii) Number of undergraduate high-demand degrees produced;
- 25 (iii) Freshman retention;
- 26 (iv) Low-income population; and
- 27 (v) Space utilization.

28 (6) For the purposes of subsection (5) of this section,
29 "proportionate share" means the proportion of near general fund
30 appropriations to either (a) the state board for community and
31 technical colleges or (b) the state universities, the regional
32 universities, and The Evergreen State College, relative to the total
33 near general fund appropriations to the institutions of higher
34 education.

35 (7) For the purposes of this section, the inflation adjustment
36 shall be computed using the percentage change on the implicit price
37 deflator for personal consumption expenditures for the United States
38 for the previous calendar year, as compiled by the bureau of economic

1 analysis of the United States department of commerce and reported in
2 the most recent quarterly publication of the economic and revenue
3 forecast council or successor agency.

4 **Sec. 3.** RCW 28B.15.067 and 2012 2nd sp.s. c 7 s 914 and 2012 c 228
5 s 6 are each reenacted and amended to read as follows:

6 (1) Tuition fees shall be established under the provisions of this
7 chapter.

8 (2) Except as provided in subsection (4)(a)(ii) of this section:

9 (a) For the 2013-14 and 2014-15 academic years, reductions or
10 increases in full-time tuition fees shall be as provided in the omnibus
11 appropriations act for resident undergraduate students at community and
12 technical colleges and shall be three percent below the full-time
13 resident undergraduate tuition fees for the 2012-13 academic year.

14 (b) Beginning in the ((2011-12)) 2015-16 academic year, reductions
15 or increases in full-time tuition fees shall be as provided in the
16 omnibus appropriations act for resident undergraduate students at
17 community and technical colleges and shall not exceed inflation as
18 measured by the implicit price deflator for personal consumption
19 expenditures for the United States for the previous calendar year, as
20 compiled by the bureau of economic analysis of the United States
21 department of commerce and reported in the most recent quarterly
22 publication of the economic and revenue forecast council or successor
23 agency.

24 (3) The governing boards of the state universities, regional
25 universities, and The Evergreen State College; and the state board for
26 community and technical colleges may reduce or increase full-time
27 tuition fees for all students other than resident undergraduates,
28 including nonresident students, summer school students, and students in
29 other self-supporting degree programs. Percentage increases in full-
30 time tuition may exceed the fiscal growth factor. Except during the
31 2011-2013 fiscal biennium, the state board for community and technical
32 colleges may pilot or institute differential tuition models. The board
33 may define scale, scope, and rationale for the models.

34 ((+3)) (4)(a)(i) Beginning with the 2011-12 academic year and
35 through the end of the ((2014-15)) 2018-19 academic year, the governing
36 boards of the state universities, the regional universities, and The
37 Evergreen State College may reduce or increase full-time tuition fees

1 for all students, including summer school students and students in
2 other self-supporting degree programs. Percentage increases in full-
3 time tuition fees may exceed the fiscal growth factor. Reductions or
4 increases may be made for all or portions of an institution's programs,
5 campuses, courses, or students; however (~~(, during the 2011-2013 fiscal~~
6 ~~biennium, reductions or)~~):

7 (A) For the 2013-14 and 2014-15 academic years, full-time tuition
8 fees for resident undergraduate students shall be three percent below
9 the full-time resident undergraduate tuition fees for the 2012-13
10 academic year, except as provided in (a)(ii) of this subsection; and

11 (B) Increases in tuition ((must be uniform among)) for resident
12 undergraduate students beginning in academic year 2015-16, must not
13 exceed inflation as measured by the implicit price deflator for
14 personal consumption expenditures for the United States for the
15 previous calendar year, as compiled by the bureau of economic analysis
16 of the United States department of commerce and reported in the most
17 recent quarterly publication of the economic and revenue forecast
18 council or successor agency, except as provided in (a)(ii) of this
19 subsection.

20 (ii) If, in any fiscal year, state funding for a college or
21 university falls below the funding rates for full-time equivalent
22 resident students specified in RCW 28B.10.776, the governing board may
23 increase full-time tuition fees for resident undergraduate students for
24 the ensuing academic year by an amount not to exceed the amount
25 necessary to achieve the funding levels specified in RCW 28B.10.776.

26 (b) Prior to reducing or increasing tuition for each academic year,
27 the governing boards of the state universities, the regional
28 universities, and The Evergreen State College shall consult with
29 existing student associations or organizations with student
30 undergraduate and graduate representatives regarding the impacts of
31 potential tuition increases. Each governing board shall make public
32 its proposal for tuition and fee increases twenty-one days before the
33 governing board of the institution considers adoption and allow
34 opportunity for public comment. However, the requirement to make
35 public a proposal for tuition and fee increases twenty-one days before
36 the governing board considers adoption shall not apply if the omnibus
37 appropriations act has not passed the legislature by May 15th.

1 Governing boards shall be required to provide data regarding the
2 percentage of students receiving financial aid, the sources of aid, and
3 the percentage of total costs of attendance paid for by aid.

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

12 ~~((4) Beginning with the 2015-16 academic year through the 2018-19
13 academic year, the governing boards of the state universities, regional
14 universities, and The Evergreen State College may set tuition for
15 resident undergraduates as follows:~~

16 ~~(a) If state funding for a college or university falls below the
17 state funding provided in the operating budget for fiscal year 2011,
18 the governing board may increase tuition up to the limits set in (d) of
19 this subsection, reduce enrollments, or both;~~

20 ~~(b) If state funding for a college or university is at least at the
21 level of state funding provided in the operating budget for fiscal year
22 2011, the governing board may increase tuition up to the limits set in
23 (d) of this subsection and shall continue to at least maintain the
24 actual enrollment levels for fiscal year 2011 or increase enrollments
25 as required in the omnibus appropriations act;~~

26 ~~(c) If state funding is increased so that combined with resident
27 undergraduate tuition the sixtieth percentile of the total per-student
28 funding at similar public institutions of higher education in the
29 global challenge states under RCW 28B.15.068 is exceeded, the governing
30 board shall decrease tuition by the amount needed for the total per-
31 student funding to be at the sixtieth percentile under RCW 28B.15.068;
32 and~~

33 ~~(d) The amount of tuition set by the governing board for an
34 institution under this subsection (4) may not exceed the sixtieth
35 percentile of the resident undergraduate tuition of similar public
36 institutions of higher education in the global challenge states.))~~

37 (5) The tuition fees established under this chapter shall not apply

1 to high school students enrolling in participating institutions of
2 higher education under RCW 28A.600.300 through 28A.600.400.

3 (6) The tuition fees established under this chapter shall not apply
4 to eligible students enrolling in a dropout reengagement program
5 through an interlocal agreement between a school district and a
6 community or technical college under RCW 28A.175.100 through
7 28A.175.110.

8 (7) The tuition fees established under this chapter shall not apply
9 to eligible students enrolling in a community or technical college
10 participating in the pilot program under RCW 28B.50.534 for the purpose
11 of obtaining a high school diploma.

12 (8) Beginning in the 2019-20 academic year, reductions or increases
13 in full-time tuition fees for resident undergraduates at four-year
14 institutions of higher education shall be as provided in the omnibus
15 appropriations act.

16 ~~((9) The legislative advisory committee to the committee on
17 advanced tuition payment established in RCW 28B.95.170 shall:~~

18 ~~(a) Review the impact of differential tuition rates on the funded
19 status and future unit price of the Washington advanced college tuition
20 payment program; and~~

21 ~~(b) No later than January 14, 2013, make a recommendation to the
22 appropriate policy and fiscal committees of the legislature regarding
23 how differential tuition should be addressed in order to maintain the
24 ongoing solvency of the Washington advanced college tuition payment
25 program.))~~

26 **Sec. 4.** RCW 28B.15.068 and 2012 c 229 s 525 and 2012 c 229 s 524
27 are each reenacted and amended to read as follows:

28 (1) In order to facilitate the full implementation of ~~((chapter 10,~~
29 ~~Laws of 2011 1st sp. sess. for the 2011-12 through 2018-19 academic~~
30 ~~years))~~ RCW 28B.10.776 and 28B.15.067, the institutions of higher
31 education are authorized to adopt tuition levels that are less than,
32 equal to, or greater than the tuition levels assumed in the omnibus
33 appropriations act, subject to the conditions and limitations in this
34 chapter, chapter 28B.10 RCW, and the omnibus appropriations act.

35 (2) By September 1st of each year beginning in 2011, the office of
36 financial management shall report to the governor, the student

1 achievement council, and appropriate committees of the legislature with
2 updated estimates of:

3 (a) The total per-student funding level that represents the
4 sixtieth percentile of funding for similar institutions of higher
5 education in the global challenge states; and

6 (b) The tuition that represents the sixtieth percentile of resident
7 undergraduate tuition for similar institutions of higher education in
8 the global challenge states.

9 (3) As used in this section, "global challenge states" are the top
10 performing states on the new economy index published by the progressive
11 policy institute as of July 22, 2007. The new economy index ranks
12 states on indicators of their potential to compete in the new economy.
13 At least once every five years, the office of financial management
14 shall determine if changes to the list of global challenge states are
15 appropriate. The office of financial management shall report its
16 findings to the governor and the legislature.

17 (4) Institutions of higher education, in collaboration with
18 relevant student associations, shall aim to have all students who can
19 benefit from available tax credits that mitigate the costs of higher
20 education take advantage of these opportunities. These tax credits
21 include the American opportunity tax credit provided in the American
22 recovery and reinvestment act of 2009, the lifetime learning credit,
23 and other relevant tax credits for as long as they are available.

24 (5)(a) Institutions shall make every effort to communicate to
25 students and their families the benefits of such tax credits and
26 provide assistance to students and their families on how to apply.

27 (b) Information about relevant tax credits shall, to the greatest
28 extent possible, be incorporated into financial aid counseling,
29 admission information, and individual billing statements.

30 (c) Institutions shall, to the greatest extent possible, use all
31 means of communication, including but not limited to web sites, online
32 catalogues, admission and registration forms, mass email messaging,
33 social media, and outside marketing to ensure information about
34 relevant tax credits is visible and compelling, and reaches the maximum
35 amount of student and families that can benefit.

36 (6) In the event that the economic value of the American
37 opportunity tax credit is reduced or expires at any time before
38 December 31, 2012, institutions of higher education shall:

1 (a) Develop an updated tuition mitigation plan established under
2 RCW 28B.15.102 for the purpose of minimizing, to the greatest extent
3 possible, the increase in net cost of tuition or total cost of
4 attendance for students resulting from any such change. This plan
5 shall include the methods specified by the four-year institution of
6 higher education to avoid adding additional loan debt burdens to
7 students regardless of the source of such loans;

8 (b) Report to the governor and the relevant committees of the
9 legislature on their plans to adjust their tuition mitigation plans no
10 later than ninety days after any such change to the American
11 opportunity tax credit.

12 **Sec. 5.** RCW 28B.77.090 and 2012 c 229 s 115 are each amended to
13 read as follows:

14 (1) An accountability monitoring and reporting system is
15 established as part of a continuing effort to make meaningful and
16 substantial progress towards the achievement of long-term performance
17 goals in higher education.

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

29 (a) Bachelor's degrees awarded;

30 (b) Graduate and professional degrees awarded;

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

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

1 (e) Time and credits to degree: The average length of time in
2 years and average number of credits that graduating students took to
3 earn a bachelor's degree;

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

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

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

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

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

19 (k) Program participation and degree completion rates in bachelor
20 and advanced degree programs in the sciences, which includes
21 agriculture and natural resources, biology and biomedical sciences,
22 computer and information sciences, engineering and engineering
23 technologies, health professions and clinical sciences, mathematics and
24 statistics, and physical sciences and science technologies, including
25 participation and degree completion rates for students from
26 traditionally underrepresented populations;

27 (l) Annual enrollment: Annual unduplicated number of students
28 enrolled over a twelve-month period at institutions of higher education
29 including by student level;

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

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

36 (o) Market penetration: Annual ratio of undergraduate and graduate
37 degrees and certificates, of at least one year in program length,

1 awarded relative to the state's population age eighteen to twenty-four
2 years old with a high school diploma;

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

6 (q) Space utilization: For each academic year, the average number
7 of hours per week each classroom seat and classroom lab is utilized;

8 (r) Data related to enrollment, completion rates, participation
9 rates, and debt load shall be disaggregated for students in the
10 following income brackets to the maximum extent possible:

- 11 (i) Up to seventy percent of the median family income;
- 12 (ii) Between seventy-one percent and one hundred twenty-five
13 percent of the median family income; and
- 14 (iii) Above one hundred twenty-five percent of the median family
15 income; and

16 (~~(r)~~) (s) Yearly percentage increases in the average cost of
17 undergraduate instruction.

18 (3) Four-year institutions of higher education must count all
19 students when collecting data, not only first-time, full-time freshmen.

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

30 (5) The council shall use performance data from the education data
31 center for the purposes of strategic planning, to report on progress
32 toward achieving statewide goals, and to develop priorities proposed in
33 the ten-year plan for higher education.

34 NEW SECTION. Sec. 6. The following acts or parts of acts are each
35 repealed:

36 (1) RCW 28B.10.778 (Budget calculation--New enrollments--Funding
37 level--Inflation factor) and 1993 sp.s. c 15 s 3;

1 (2) RCW 28B.10.780 (Budget calculation--Funding level) and 1993
2 sp.s. c 15 s 4;
3 (3) RCW 28B.10.782 (Budget calculation--Increased enrollment target
4 level--Availability of information) and 1993 sp.s. c 15 s 5;
5 (4) RCW 28B.10.784 (Budget calculation--Participation rate and
6 enrollment level estimates--Recommendations to governor and
7 legislature) and 2012 c 229 s 517 & 1993 sp.s. c 15 s 6; and
8 (5) RCW 28B.15.101 (Authority to modify tuition rates--Performance-
9 based measures and goals--Institutional performance plans) and 2011 1st
10 sp.s. c 10 s 5.

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