

2SHB 1795 - H AMD 704

By Representative Carlyle

ADOPTED AS AMENDED 05/09/2011

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that in the
4 knowledge-based, globally interdependent economy of the twenty-first
5 century, postsecondary education is the most indispensable form of
6 currency. Public institutions of higher education are drivers of
7 economic growth and job creation and incubators for innovation. An
8 educated citizenry is a critical component of our democracy, and a
9 commitment to provide public funding for public higher education
10 institutions is imperative. At the same time, the legislature finds
11 that Washington state is experiencing a profound structural shift in
12 the funding of higher education. State support has declined
13 dramatically over the past twenty years, thereby necessitating
14 increases in tuition to supplant the support of higher education from
15 general taxpayers. The problem faced by all stakeholders - students
16 and their families, institutions, and policymakers - is a growing
17 reliance on tuition dollars and a reduced reliance on state support.
18 At the same time, there is insufficient visibility into the use of
19 locally retained tuition dollars. There is little transparency
20 regarding whether increasing tuition dollars gives students, their
21 families, and Washington taxpayers a high-value return on investment.
22 Responding to those concerns, and recognizing that tuition-setting
23 authority is interrelated to a wide variety of factors including state
24 funding, student aid, admissions, dual credit, educational
25 effectiveness, regulatory and reporting requirements, and other
26 policies and practices, this higher education opportunity act directs
27 a number of higher education system reforms.

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

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

1 (b) Establish a clear nexus between tuition dollars and improved
2 productivity and greater accountability of public institutions of
3 higher education;

4 (c) Create a modern and robust higher education financial system
5 that funds outcomes and results rather than input and process; and

6 (d) Continue a commitment to public funding of higher education
7 through state appropriations that are essential for providing access,
8 affordability, and quality in higher education for all students across
9 the state.

10 (3)(a) It is the intent of the legislature to set goals for four-
11 year institutions of higher education to increase the number of
12 students who earn baccalaureate degrees, while maintaining quality, and
13 achieve the following initial degree completion targets by 2018:

14 (i) Increasing the number of bachelor's degrees earned by
15 Washington's resident students from the 2009-10 academic year levels by
16 at least six thousand degrees completed or by twenty-seven percent;

17 (ii) Consistent with the priority for expanding the number of
18 enrollments and degrees in the fields of engineering, technology,
19 biotechnology, sciences, computer sciences, and mathematics, at least
20 two thousand of the additional degrees under this subsection (3)(a)
21 would be awarded in the areas of science, which includes the health
22 sciences, technology, engineering, and mathematics, natural resources,
23 environment, conservation, biology, life sciences, and other applied
24 and interdisciplinary sciences; and

25 (iii) Attaining parity in degree attainment for students from
26 underrepresented groups, which would mean that at least nineteen
27 percent of the degrees awarded would include students who are low-
28 income or are the first in their families to attend college.

29 (b) It is the intent of the legislature that the bachelor degree
30 completion targets in (a) of this subsection be updated every two years
31 based upon the state's changing population and economic needs and that
32 targets be set for five-year periods following the 2018 target.

33 (c) It is the intent of the legislature to urge four-year
34 institutions of higher education to place the highest priority on
35 achieving the degree completion targets under (a) of this subsection.
36 The legislature intends to examine the strategies used and progress
37 made by institutions of higher education to meet the targets in
38 addition to evidence of increased cost-effectiveness and efficiency.

1 The legislature recognizes that individual institutions develop their
2 campus goals recognizing the role of their campus as part of the system
3 of public higher education and may implement a variety of innovative
4 methods to achieve these goals.

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

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

1 28B.15.820(10). Local operating fee accounts shall not be subject to
2 appropriation by the legislature or allotment procedures under chapter
3 43.88 RCW.

4 **Sec. 3.** RCW 28B.15.067 and 2010 c 20 s 7 are each amended to read
5 as follows:

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

8 ~~((Beginning with the 2003-04 academic year and ending with the~~
9 ~~2012-13 academic year, reductions or increases in full-time tuition~~
10 ~~fees for resident undergraduates shall be as provided in the omnibus~~
11 ~~appropriations act)) Beginning in the 2011-12 academic year, reductions
12 or increases in full-time tuition fees shall be as provided in the
13 omnibus appropriations act for resident undergraduate students at
14 community and technical colleges. The governing boards of the state
15 universities, regional universities, and The Evergreen State College;
16 and the state board for community and technical colleges may reduce or
17 increase full-time tuition fees for all students other than resident
18 undergraduates, including nonresident students, summer school students,
19 and students in other self-supporting degree programs. Percentage
20 increases in full-time tuition may exceed the fiscal growth factor.
21 The state board for community and technical colleges may pilot or
22 institute differential tuition models. The board may define scale,
23 scope, and rationale for the models.~~

24 (3)(a) Beginning with the ~~((2003-04))~~ 2011-12 academic year and
25 ~~((ending with the 2012-13))~~ through the end of the 2014-15 academic
26 year, the governing boards of the state universities, the regional
27 universities, and The Evergreen State College~~((, and the state board~~
28 ~~for community and technical colleges))~~ may reduce or increase full-time
29 tuition fees for all students ~~((other than resident undergraduates))~~,
30 including summer school students and students in other self-supporting
31 degree programs. Percentage increases in full-time tuition fees may
32 exceed the fiscal growth factor. Reductions or increases may be made
33 for all or portions of an institution's programs, campuses, courses, or
34 students.

35 (b) Prior to reducing or increasing tuition for each academic year,
36 the governing boards of the state universities, the regional
37 universities, and The Evergreen State College shall consult with

1 existing student associations or organizations with student
2 undergraduate and graduate representatives regarding the impacts of
3 potential tuition increases. Governing boards shall be required to
4 provide data regarding the percentage of students receiving financial
5 aid, the sources of aid, and the percentage of total costs of
6 attendance paid for by aid.

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

15 (4) (~~Academic year tuition for full-time students at the state's~~
16 ~~institutions of higher education beginning with 2015-16, other than~~
17 ~~summer term, shall be as charged during the 2014-15 academic year~~
18 ~~unless different rates are adopted by the legislature~~) Beginning with
19 the 2015-16 academic year through the 2018-19 academic year, the
20 governing boards of the state universities, regional universities, and
21 The Evergreen State College may set tuition for resident undergraduates
22 as follows:

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

27 (b) If state funding for a college or university is at least at the
28 level of state funding provided in the operating budget for fiscal year
29 2011, the governing board may increase tuition up to the limits set in
30 (d) of this subsection and shall continue to at least maintain the
31 actual enrollment levels for fiscal year 2011 or increase enrollments
32 as required in the omnibus appropriations act; and

33 (c) If state funding is increased so that combined with resident
34 undergraduate tuition the sixtieth percentile of the total per-student
35 funding at similar public institutions of higher education in the
36 global challenge states under RCW 28B.15.068 is exceeded, the governing
37 board shall decrease tuition by the amount needed for the total per-
38 student funding to be at the sixtieth percentile under RCW 28B.15.068.

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

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

8 (6) The tuition fees established under this chapter shall not apply
9 to eligible students enrolling in a dropout reengagement program
10 through an interlocal agreement between a school district and a
11 community or technical college under RCW 28A.175.100 through
12 28A.175.110.

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

17 ~~(8) ((For the academic years 2003-04 through 2008-09, the~~
18 ~~University of Washington shall use an amount equivalent to ten percent~~
19 ~~of all revenues received as a result of law school tuition increases~~
20 ~~beginning in academic year 2000-01 through academic year 2008-09 to~~
21 ~~assist needy low and middle income resident law students.~~

22 ~~(9) For the academic years 2003-04 through 2008-09, institutions of~~
23 ~~higher education shall use an amount equivalent to ten percent of all~~
24 ~~revenues received as a result of graduate academic school tuition~~
25 ~~increases beginning in academic year 2003-04 through academic year~~
26 ~~2008-09 to assist needy low and middle income resident graduate~~
27 ~~academic students.~~

28 ~~(10) Any tuition increases above seven percent shall fund costs of~~
29 ~~instruction, library and student services, utilities and maintenance,~~
30 ~~other costs related to instruction as well as institutional financial~~
31 ~~aid. Through 2010-11, any funding reductions to instruction, library~~
32 ~~and student services, utilities and maintenance and other costs related~~
33 ~~to instruction shall be proportionally less than other program areas~~
34 ~~including administration)) Beginning in the 2019-20 academic year,~~
35 reductions or increases in full-time tuition fees for resident
36 undergraduates at four-year institutions of higher education shall be
37 as provided in the omnibus appropriations act.

1 **Sec. 4.** RCW 28B.15.0681 and 2009 c 215 s 6 are each amended to
2 read as follows:

3 (1) In addition to the requirement in RCW 28B.76.300(4),
4 institutions of higher education shall disclose to their undergraduate
5 resident students on the tuition billing statement, in dollar figures
6 for a full-time equivalent student:

7 (a) The full cost of instruction;

8 (b) The amount collected from student tuition and fees; and

9 (c) The difference between the amounts for the full cost of
10 instruction and the student tuition and fees.

11 (2) The tuition billing statement shall note that the difference
12 between the cost and tuition under subsection (1)(c) of this section
13 was paid by state tax funds and other moneys.

14 (3) Beginning in the 2010-11 academic year, the amount determined
15 in subsection (1)(c) of this section shall be labeled an "opportunity
16 pathway" on the tuition billing statement.

17 (4) Beginning in the 2010-11 academic year, institutions of higher
18 education shall label financial aid awarded to resident undergraduate
19 students as an "opportunity pathway" on the tuition billing statement
20 or financial aid award notification. Aid granted to students outside
21 of the financial aid package provided through the institution of higher
22 education and loans provided by the federal government are not subject
23 to the labeling provisions in this subsection. All other aid from all
24 sources including federal, state, and local governments, local
25 communities, nonprofit and for-profit organizations, and institutions
26 of higher education must be included. The disclosure requirements
27 specified in this section do not change the source, award amount,
28 student eligibility, or student obligations associated with each award.
29 Institutions of higher education retain the ability to customize their
30 tuition billing statements to inform students of the assistance source,
31 amount, and type so long as provisions of this section are also
32 fulfilled.

33 (5) Institutions of higher education shall provide the following
34 information to all undergraduate resident students either on the
35 tuition billing statement or via a link to a web site detailing the
36 following information:

37 (a) The sources of all institutional revenue received during the

1 prior academic or fiscal year, including but not limited to state,
2 federal, local, and private sources;

3 (b) The uses of undergraduate tuition revenue collected during the
4 prior academic or fiscal year by program category as determined by the
5 office of financial management; and

6 (c) The accountability and performance data under RCW 28B.76.270.

7 (6) The tuition billing statement disclosures shall be in twelve-
8 point type and boldface type where appropriate.

9 ((+6+)) (7) All tuition billing statements or financial aid award
10 notifications at institutions of higher education must notify resident
11 undergraduate students of federal tax credits related to higher
12 education for which they may be eligible.

13 NEW SECTION. Sec. 5. A new section is added to chapter 28B.15 RCW
14 to read as follows:

15 (1) To ensure institutional quality, promote access, and advance
16 the public mission of the state universities, the regional
17 universities, and The Evergreen State College, the authority to
18 increase or decrease tuition rates shall be considered within the
19 context of performance-based measures and goals for each state
20 university, regional university, and The Evergreen State College. By
21 September 1, 2012, and September 1st every two years thereafter, the
22 state universities, the regional universities, and The Evergreen State
23 College shall each negotiate an institutional performance plan with the
24 office of financial management that includes expected outcomes that
25 must be achieved by each institution in the subsequent biennium based
26 on the performance data required in RCW 28B.76.270.

27 (2) If performance plans are not completed as specified in
28 subsection (1) of this section or if, at the conclusion of a biennium,
29 a state university, regional university, or The Evergreen State College
30 does not achieve the expected outcomes established in the performance
31 plans, in the subsequent biennium that university's or college's
32 resident undergraduate tuition may not, without prior legislative
33 approval, be increased beyond levels assumed in the omnibus
34 appropriations act.

35 NEW SECTION. Sec. 6. A new section is added to chapter 28B.15 RCW
36 to read as follows:

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

7 (a) Subtract from the full-time tuition fees an amount that is
8 equal to the maximum amount of a state need grant award that would be
9 given to an eligible student with a family income at or below fifty
10 percent of the state's median family income as determined by the higher
11 education coordinating board; and

12 (b) Offset the remainder as follows:

13 (i) Students whose family incomes are at or below fifty percent of
14 the state's median family income shall receive financial aid equal to
15 one hundred percent of the remainder if an institution's full-time
16 tuition fees for resident undergraduate students is five percent or
17 greater of the state's median family income for a family of four as
18 provided by the higher education coordinating board;

19 (ii) Students whose family incomes are greater than fifty percent
20 and no more than seventy percent of the state's median family income
21 shall receive financial aid equal to seventy-five percent of the
22 remainder if an institution's full-time tuition fees for resident
23 undergraduate students is ten percent or greater of the state's median
24 family income for a family of four as provided by the higher education
25 coordinating board;

26 (iii) Students whose family incomes exceed seventy percent and are
27 less than one hundred percent of the state's median family income shall
28 receive financial aid equal to fifty percent of the remainder if an
29 institution's full-time tuition fees for resident undergraduate
30 students is fifteen percent or greater of the state's median family
31 income for a family of four as provided by the higher education
32 coordinating board; and

33 (iv) Students whose family incomes are at or exceed one hundred
34 percent and are no more than one hundred twenty-five percent of the
35 state's median family income shall receive financial aid equal to
36 twenty-five percent of the remainder if an institution's full-time
37 tuition fees for resident undergraduate students is twenty percent or

1 greater of the state's median family income for a family of four as
2 provided by the higher education coordinating board.

3 (2) The financial aid required in subsection (1) of this section
4 shall:

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

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

8 (c) Only be provided to students with demonstrated need.

9 (3) Financial aid sources and methods may be:

10 (a) Tuition revenue or locally held funds;

11 (b) Tuition waivers created by a four-year institution of higher
12 education for the specific purpose of serving middle class students; or

13 (c) Local financial aid programs.

14 (4) Use of tuition waivers as specified in subsection (3)(b) of
15 this section shall not be included in determining total state tuition
16 waiver authority as defined in RCW 28B.15.910.

17 (5) By August 15, 2012, and August 15th every year thereafter,
18 four-year institutions of higher education shall report to the governor
19 and relevant committees of the legislature on the effectiveness of the
20 various sources and methods of financial aid in mitigating tuition
21 increases. A key purpose of these reports is to provide information
22 regarding the results of the decision to grant tuition-setting
23 authority to the four-year institutions of higher education and whether
24 tuition setting authority should continue to be granted to the
25 institutions or revert back to the legislature after consideration of
26 the impacts on students, including educational access, affordability,
27 and quality. These reports shall include:

28 (a) The amount of additional financial aid provided to middle-
29 income and low-income students with demonstrated need in the aggregate
30 and per student;

31 (b) An itemization of the sources and methods of financial aid
32 provided by the four-year institution of higher education in the
33 aggregate and per student;

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

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

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

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

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

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

18 (6) Beginning in the 2012-13 academic year, the University of
19 Washington shall enroll during each term at least the same number of
20 resident freshman undergraduate students at the Seattle campus, as
21 defined in RCW 28B.15.012, as enrolled during the same term in the
22 2009-10 academic year. This requirement shall not apply to nonresident
23 undergraduate and graduate and professional students.

24 **Sec. 7.** RCW 28B.15.068 and 2009 c 540 s 1 are each amended to read
25 as follows:

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

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

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

27 (3)) By September 1st of each year beginning in ((2008)) 2011, the
28 office of financial management shall report to the governor, the higher
29 education coordinating board, and appropriate committees of the
30 legislature with updated estimates of:

31 (a) The total per-student funding level that represents the
32 sixtieth percentile of funding for ((comparable)) similar institutions
33 of higher education in the global challenge states((, and the progress
34 toward that goal that was made for each of the public institutions of
35 higher education)); and

36 (b) The tuition that represents the sixtieth percentile of tuition
37 for similar institutions of higher education in the global challenge
38 states.

1 ~~((4))~~ (2) As used in this section, "global challenge states" are
2 the top performing states on the new economy index published by the
3 progressive policy institute as of July 22, 2007. The new economy
4 index ranks states on indicators of their potential to compete in the
5 new economy. At least once every five years, the office of financial
6 management shall determine if changes to the list of global challenge
7 states are appropriate. The office of financial management shall
8 report its findings to the governor and the legislature.

9 ~~((5) During the 2009-10 and the 2010-11 academic years,~~
10 ~~institutions of higher education shall include information on their~~
11 ~~billing statements notifying students of tax credits available through~~
12 ~~the American opportunity tax credit provided in the American recovery~~
13 ~~and reinvestment act of 2009.))~~ (3) Institutions of higher education,
14 in collaboration with relevant student associations, shall aim to have
15 one hundred percent of students that can benefit from available tax
16 credits that mitigate the costs of higher education take advantage of
17 these opportunities. These tax credits include the American
18 opportunity tax credit provided in the American recovery and
19 reinvestment act of 2009, the lifetime learning credit, and other
20 relevant tax credits for as long as they are available.

21 (4)(a) Institutions shall make every effort to communicate to
22 students and their families the benefits of such tax credits and
23 provide assistance to students and their families on how to apply.

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

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

33 (5) In the event that the economic value of the American
34 opportunity tax credit is reduced or expires at any time before
35 December 31, 2012, institutions of higher education shall:

36 (a) Develop an updated tuition mitigation plan established under
37 section 6 of this act for the purpose of minimizing, to the greatest
38 extent possible, the increase in net cost of tuition or total cost of

1 attendance for students resulting from any such change. This plan
2 shall include the methods specified by the four-year institution of
3 higher education to avoid adding additional loan debt burdens to
4 students regardless of the source of such loans;

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

9 **Sec. 8.** RCW 28B.76.270 and 2004 c 275 s 11 are each amended to
10 read as follows:

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

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

26 (a) Bachelor's degrees awarded;

27 (b) Graduate and professional degrees awarded;

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

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

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

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

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

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

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

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

16 (k) Program participation and degree completion rates in bachelor
17 and advanced degree programs in the sciences, which includes the health
18 sciences, natural resources, environment, conservation, biology, life
19 sciences, and other applied and interdisciplinary sciences, technology,
20 engineering, and mathematic disciplines, including participation and
21 degree completion rates for students from traditionally
22 underrepresented populations;

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

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

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

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

36 (p) Student debt load: Median three-year distribution of debt
37 load, excluding debts incurred before coming to the institution;

1 (g) Data related to enrollment, completion rates, participation
2 rates, and debt load shall be disaggregated for students in the
3 following income brackets to the maximum extent possible:

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

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

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

9 (r) Yearly percentage increases in the average cost of
10 undergraduate instruction.

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

13 (4) Based on guidelines prepared by the board, each four-year
14 institution and the state board for community and technical colleges
15 shall submit a biennial plan to achieve measurable and specific
16 improvements each academic year on statewide and institution-specific
17 performance measures. Plans shall be submitted to the board along with
18 the biennial budget requests from the institutions and the state board
19 for community and technical colleges. Performance measures established
20 for the community and technical colleges shall reflect the role and
21 mission of the colleges.

22 ~~((+3))~~ (5) The board shall approve biennial performance targets
23 for each four-year institution and for the community and technical
24 college system and shall review actual achievements annually. The
25 state board for community and technical colleges shall set biennial
26 performance targets for each college or district, where appropriate.

27 ~~((+4))~~ (6) The board shall submit a report on progress towards the
28 statewide goals, with recommendations for the ensuing biennium, to the
29 fiscal and higher education committees of the legislature along with
30 the board's biennial budget recommendations.

31 ~~((+5))~~ (7) The board, in collaboration with the four-year
32 institutions and the state board for community and technical colleges,
33 shall periodically review and update the accountability monitoring and
34 reporting system.

35 ~~((+6))~~ (8) The board shall develop measurable indicators and
36 benchmarks for its own performance regarding cost, quantity, quality,
37 and timeliness and including the performance of committees and advisory
38 groups convened under this chapter to accomplish such tasks as

1 improving transfer and articulation, improving articulation with the K-
2 12 education system, measuring educational costs, or developing data
3 protocols. The board shall submit its accountability plan to the
4 legislature concurrently with the biennial report on institution
5 progress.

6 (9) In conjunction with the office of financial management, all
7 four-year institutions of higher education must display the data
8 described in subsection (2) of this section in a uniform dashboard
9 format on the office of financial management's web site no later than
10 December 1, 2011, and updated thereafter annually by December 1st. To
11 the maximum extent possible, the information must be viewable by race
12 and ethnicity, gender, state and county of origin, age, and
13 socioeconomic status. The information may be tailored to meet the
14 needs of various target audiences such as students, researchers, and
15 the general public.

16 **Sec. 9.** RCW 28B.92.060 and 2009 c 215 s 4 are each amended to read
17 as follows:

18 In awarding need grants, the board shall proceed substantially as
19 follows: PROVIDED, That nothing contained herein shall be construed to
20 prevent the board, in the exercise of its sound discretion, from
21 following another procedure when the best interest of the program so
22 dictates:

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

26 (a) Financial need as determined by the amount of the family
27 contribution; and

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

31 (2) The financial need of the highest ranked students shall be met
32 by grants depending upon the evaluation of financial need until the
33 total allocation has been disbursed. Funds from grants which are
34 declined, forfeited or otherwise unused shall be reawarded until
35 disbursed, except that eligible former foster youth shall be assured
36 receipt of a grant. The board, in consultation with four-year
37 institutions of higher education, and the state board for community and

1 technical colleges, shall develop award criteria and methods of
2 disbursement based on level of need, and not solely rely on a first-
3 come, first-served basis.

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

18 (4) In computing financial need, the board shall determine a
19 maximum student expense budget allowance, not to exceed an amount equal
20 to the total maximum student expense budget at the public institutions
21 plus the current average state appropriation per student for operating
22 expense in the public institutions. Any child support payments
23 received by students who are parents attending less than half-time
24 shall not be used in computing financial need.

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

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

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

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

1 (ii) The student completes the required free application for
2 federal student aid;

3 (iii) The institution has reviewed the student's financial
4 condition, and the financial condition of the student's family if the
5 student is a dependent student, and has determined that the student is
6 likely eligible for a state need grant; and

7 (iv) The student has signed a document attesting to the fact that
8 the financial information provided on the free application for federal
9 student aid and any additional financial information provided directly
10 to the institution is accurate and complete, and that the student
11 agrees to repay the institution for the grant amount if the student
12 submitted false or incomplete information.

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

17 **Sec. 10.** RCW 28A.600.310 and 2009 c 450 s 8 are each amended to
18 read as follows:

19 (1) Eleventh and twelfth grade students or students who have not
20 yet received the credits required for the award of a high school
21 diploma and are eligible to be in the eleventh or twelfth grades may
22 apply to a participating institution of higher education to enroll in
23 courses or programs offered by the institution of higher education. A
24 student receiving home-based instruction enrolling in a public high
25 school for the sole purpose of participating in courses or programs
26 offered by institutions of higher education shall not be counted by the
27 school district in any required state or federal accountability
28 reporting if the student's parents or guardians filed a declaration of
29 intent to provide home-based instruction and the student received home-
30 based instruction during the school year before the school year in
31 which the student intends to participate in courses or programs offered
32 by the institution of higher education. Students receiving home-based
33 instruction under chapter 28A.200 RCW and students attending private
34 schools approved under chapter 28A.195 RCW shall not be required to
35 meet the student learning goals, obtain a certificate of academic
36 achievement or a certificate of individual achievement to graduate from
37 high school, or to master the essential academic learning requirements.

1 However, students are eligible to enroll in courses or programs in
2 participating universities only if the board of directors of the
3 student's school district has decided to participate in the program.
4 Participating institutions of higher education, in consultation with
5 school districts, may establish admission standards for these students.
6 If the institution of higher education accepts a secondary school pupil
7 for enrollment under this section, the institution of higher education
8 shall send written notice to the pupil and the pupil's school district
9 within ten days of acceptance. The notice shall indicate the course
10 and hours of enrollment for that pupil.

11 (2)(a) In lieu of tuition and fees, as defined in RCW 28B.15.020
12 and 28B.15.041((7)):

13 (i) Running start students shall pay to the community or technical
14 college all other mandatory fees as established by each community or
15 technical college and, in addition, the state board for community and
16 technical colleges may authorize a fee of up to ten percent of tuition
17 and fees as defined in RCW 28B.15.020 and 28B.15.041; and

18 (ii) All other institutions of higher education operating a running
19 start program may charge running start students a fee of up to ten
20 percent of tuition and fees as defined in RCW 28B.15.020 and 28B.15.041
21 in addition to technology fees.

22 (b) The fees charged under this subsection (2) shall be prorated
23 based on credit load.

24 (3)(a) The institutions of higher education must make available fee
25 waivers for low-income running start students. Each institution must
26 establish a written policy for the determination of low-income students
27 before offering the fee waiver. A student shall be considered low
28 income and eligible for a fee waiver upon proof that the student is
29 currently qualified to receive free or reduced-price lunch. Acceptable
30 documentation of low-income status may also include, but is not limited
31 to, documentation that a student has been deemed eligible for free or
32 reduced-price lunches in the last five years, or other criteria
33 established in the institution's policy.

34 (b) Institutions of higher education, in collaboration with
35 relevant student associations, shall aim to have one hundred percent of
36 students that can benefit from fee waivers take advantage of these
37 wavers. Institutions shall make every effort to communicate to
38 students and their families the benefits of the waivers and provide

1 assistance to students and their families on how to apply. Information
2 about waivers shall, to the greatest extent possible, be incorporated
3 into financial aid counseling, admission information, and individual
4 billing statements. Institutions also shall, to the greatest extent
5 possible, use all means of communication, including but not limited to
6 web sites, online catalogues, admission and registration forms, mass e-
7 mail messaging, social media, and outside marketing to ensure that
8 information about waivers is visible, compelling, and reaches the
9 maximum number of students and families that can benefit.

10 (4) The pupil's school district shall transmit to the institution
11 of higher education an amount per each full-time equivalent college
12 student at statewide uniform rates for vocational and nonvocational
13 students. The superintendent of public instruction shall separately
14 calculate and allocate moneys appropriated for basic education under
15 RCW 28A.150.260 to school districts for purposes of making such
16 payments and for granting school districts seven percent thereof to
17 offset program related costs. The calculations and allocations shall
18 be based upon the estimated statewide annual average per full-time
19 equivalent high school student allocations under RCW 28A.150.260,
20 excluding small high school enhancements, and applicable rules adopted
21 under chapter 34.05 RCW. The superintendent of public instruction, the
22 higher education coordinating board, and the state board for community
23 and technical colleges shall consult on the calculation and
24 distribution of the funds. The funds received by the institution of
25 higher education from the school district shall not be deemed tuition
26 or operating fees and may be retained by the institution of higher
27 education. A student enrolled under this subsection shall be counted
28 for the purpose of meeting enrollment targets in accordance with terms
29 and conditions specified in the omnibus appropriations act.

30 (5) The state board for community and technical colleges, in
31 collaboration with the other institutions of higher education that
32 participate in the running start program and the office of the
33 superintendent of public instruction, shall identify, assess, and
34 report on alternatives for providing ongoing and adequate financial
35 support for the program. Such alternatives shall include but are not
36 limited to student tuition, increased support from local school
37 districts, and reallocation of existing state financial support among
38 the community and technical college system to account for differential

1 running start enrollment levels and impacts. The state board for
2 community and technical colleges shall report the assessment of
3 alternatives to the governor and to the appropriate fiscal and policy
4 committees of the legislature by September 1, 2010.

5 NEW SECTION. **Sec. 11.** A new section is added to chapter 28B.10
6 RCW to read as follows:

7 (1) A graduate of a community or technical college in this state
8 who has earned a transferable associate of arts or sciences degree when
9 admitted to a four-year institution of higher education shall have
10 junior standing. A graduate who has earned the direct transfer
11 associate of arts degree will be deemed to have met the lower division
12 general education requirements of the receiving four-year institution
13 of higher education. A graduate who has earned the associate of
14 science transfer degree will be deemed to have met most requirements
15 that prepare the graduate for baccalaureate degree majors in science,
16 technology, engineering, and math and will be required to complete only
17 such additional lower division, general education courses at the
18 receiving four-year institutions of higher education as would have been
19 required to complete the direct transfer associate of arts degree.

20 (2) A student who has earned the equivalent of ninety quarter
21 credit hours and has completed the general education requirements at
22 that four-year institution of higher education in Washington when
23 admitted to another four-year institution of higher education shall
24 have junior standing and shall be deemed to have met the lower division
25 general education requirements of the institution to which the student
26 transfers.

27 (3) The community and technical colleges, jointly with the four-
28 year institutions of higher education, must develop a list of academic
29 courses that are equivalent to one-year's worth of general education
30 credit and that would transfer for that purpose to any other two or
31 four-year institution of higher education. If a student completes one-
32 year's worth of general education credits, the student may be issued a
33 one-year academic completion certificate. This certificate shall be
34 accepted at any transferring two or four-year institution of higher
35 education.

36 (4) Each institution of higher education must develop a minimum of
37 one degree within the arts and sciences disciplines that can be

1 completed within the equivalent of ninety quarter upper division
2 credits by any student who enters an institution of higher education
3 with junior status and lower division general education requirements
4 completed.

5 (5) Each four-year institution of higher education must publish a
6 list of recommended courses for each academic major designed to help
7 students who are planning to transfer design their course of study.
8 Publication of the list of courses must be easily identified and
9 accessible on the institution's web site.

10 (6) The requirements to publish a list of recommended courses for
11 each academic major under this section does not apply if an institution
12 does not require courses or majors to meet specific requirements but
13 generally applies credits earned towards degree requirements.

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

16 (1)(a) Community and technical colleges must identify and publish
17 in their admissions materials the college level courses that are
18 recognized by all four-year institutions of higher education as
19 transferable to the four-year institutions of higher education.
20 Publication of the list of courses must be easily identified and
21 accessible on the college's web site.

22 (b) If a four-year institution of higher education does not require
23 courses of majors for transfer, the community and technical colleges
24 must identify and publish the transfer policy of the institution in
25 their admissions materials and make the transfer policy of the
26 institution easily identifiable on the college's web site.

27 (2) Community and technical colleges must create a list of courses
28 that satisfy the basic requirements, distribution requirements, and
29 approved electives for:

30 (a) A one-year academic completion certificate as provided for
31 under section 11 of this act; and

32 (b) A transferrable associate of arts or sciences degree as
33 provided for under section 11 of this act.

34 (3) To the extent possible, each community and technical college
35 must develop links between the lists in subsections (1) and (2) of this
36 section and its list of courses, and develop methods to encourage

1 students to check the lists in subsections (1) and (2) of this section
2 when the students are registering for courses.

3 **Sec. 13.** RCW 39.29.011 and 2009 c 486 s 7 are each amended to read
4 as follows:

5 All personal service contracts shall be entered into pursuant to
6 competitive solicitation, except for:

7 (1) Emergency contracts;

8 (2) Sole source contracts;

9 (3) Contract amendments;

10 (4) Contracts between a consultant and an agency of less than
11 twenty thousand dollars. However, contracts of five thousand dollars
12 or greater but less than twenty thousand dollars shall have documented
13 evidence of competition, which must include agency posting of the
14 contract opportunity on the state's common vendor registration and bid
15 notification system. Agencies shall not structure contracts to evade
16 these requirements; (~~and~~)

17 (5) Contracts between a consultant and an institution of higher
18 education of less than one hundred thousand dollars. However,
19 contracts of ten thousand dollars or greater but less than one hundred
20 thousand dollars shall have documented evidence of competition, which
21 must include an institution of higher education's posting of the
22 contract opportunity on the state's common vendor registration and bid
23 notification system. Institutions of higher education may not
24 structure contracts to evade these requirements; and

25 (6) Other specific contracts or classes or groups of contracts
26 exempted from the competitive solicitation process by the director of
27 the office of financial management when it has been determined that a
28 competitive solicitation process is not appropriate or cost-effective.

29 **Sec. 14.** RCW 43.19.1906 and 2008 c 215 s 5 are each amended to
30 read as follows:

31 Insofar as practicable, all purchases and sales shall be based on
32 competitive bids, and a formal sealed, electronic, or web-based bid
33 procedure, subject to RCW 43.19.1911, shall be used as standard
34 procedure for all purchases and contracts for purchases and sales
35 executed by the state purchasing and material control director and
36 under the powers granted by RCW 43.19.190 through 43.19.1939. This

1 requirement also applies to purchases and contracts for purchases and
2 sales executed by agencies, including educational institutions, under
3 delegated authority granted in accordance with provisions of RCW
4 43.19.190 or under RCW 28B.10.029. However, formal sealed, electronic,
5 or web-based competitive bidding is not necessary for:

6 (1) Emergency purchases made pursuant to RCW 43.19.200 if the
7 sealed bidding procedure would prevent or hinder the emergency from
8 being met appropriately;

9 (2) Purchases not exceeding thirty-five thousand dollars, or
10 subsequent limits as calculated by the office of financial management:
11 PROVIDED, That the state director of general administration shall
12 establish procedures to assure that purchases made by or on behalf of
13 the various state agencies shall not be made so as to avoid the thirty-
14 five thousand dollar bid limitation, or subsequent bid limitations as
15 calculated by the office of financial management: PROVIDED FURTHER,
16 That the state purchasing and material control director is authorized
17 to reduce the formal sealed bid limits of thirty-five thousand dollars,
18 or subsequent limits as calculated by the office of financial
19 management, to a lower dollar amount for purchases by individual state
20 agencies if considered necessary to maintain full disclosure of
21 competitive procurement or otherwise to achieve overall state
22 efficiency and economy in purchasing and material control. Quotations
23 from three thousand dollars to thirty-five thousand dollars, or
24 subsequent limits as calculated by the office of financial management,
25 shall be secured from at least three vendors to assure establishment of
26 a competitive price and may be obtained by telephone or written
27 quotations, or both. The agency shall invite at least one quotation
28 each from a certified minority and a certified women-owned vendor who
29 shall otherwise qualify to perform such work. Immediately after the
30 award is made, the bid quotations obtained shall be recorded and open
31 to public inspection and shall be available by telephone inquiry. A
32 record of competition for all such purchases from three thousand
33 dollars to thirty-five thousand dollars, or subsequent limits as
34 calculated by the office of financial management, shall be documented
35 for audit purposes. Purchases up to three thousand dollars may be made
36 without competitive bids based on buyer experience and knowledge of the
37 market in achieving maximum quality at minimum cost;

1 (3) Purchases which are clearly and legitimately limited to a
2 single source of supply and purchases involving special facilities,
3 services, or market conditions, in which instances the purchase price
4 may be best established by direct negotiation;

5 (4) Purchases of insurance and bonds by the risk management
6 division under RCW 43.41.310;

7 (5) Purchases and contracts for vocational rehabilitation clients
8 of the department of social and health services: PROVIDED, That this
9 exemption is effective only when the state purchasing and material
10 control director, after consultation with the director of the division
11 of vocational rehabilitation and appropriate department of social and
12 health services procurement personnel, declares that such purchases may
13 be best executed through direct negotiation with one or more suppliers
14 in order to expeditiously meet the special needs of the state's
15 vocational rehabilitation clients;

16 (6) Purchases by universities for hospital operation or biomedical
17 teaching or research purposes and by the state purchasing and material
18 control director, as the agent for state hospitals as defined in RCW
19 72.23.010, and for health care programs provided in state correctional
20 institutions as defined in RCW 72.65.010(3) and veterans' institutions
21 as defined in RCW 72.36.010 and 72.36.070, made by participating in
22 contracts for materials, supplies, and equipment entered into by
23 nonprofit cooperative hospital group purchasing organizations;

24 (7) Purchases for resale by institutions of higher education to
25 other than public agencies when such purchases are for the express
26 purpose of supporting instructional programs and may best be executed
27 through direct negotiation with one or more suppliers in order to meet
28 the special needs of the institution;

29 (8) Purchases by institutions of higher education not exceeding
30 (~~thirty-five~~) one hundred thousand dollars: PROVIDED, That for
31 purchases between (~~three~~) ten thousand dollars and (~~thirty-five~~)
32 one hundred thousand dollars quotations shall be secured from at least
33 three vendors to assure establishment of a competitive price and may be
34 obtained by telephone or written quotations, or both. For purchases
35 between (~~three~~) ten thousand dollars and (~~thirty-five~~) one hundred
36 thousand dollars, each institution of higher education shall invite at
37 least one quotation each from a certified minority and a certified
38 women-owned vendor who shall otherwise qualify to perform such work.

1 A record of competition for all such purchases made from (~~three~~) ten
2 thousand to (~~thirty-five~~) one hundred thousand dollars shall be
3 documented for audit purposes;

4 (9) Off-contract purchases of Washington grown food when such food
5 is not available from Washington sources through an existing contract.
6 However, Washington grown food purchased under this subsection must be
7 of an equivalent or better quality than similar food available through
8 the contract and be able to be paid from the agency's existing budget.
9 This requirement also applies to purchases and contracts for purchases
10 executed by state agencies, including institutions of higher education,
11 under delegated authority granted in accordance with RCW 43.19.190 or
12 under RCW 28B.10.029; and

13 (10) Negotiation of a contract by the department of transportation,
14 valid until June 30, 2001, with registered tow truck operators to
15 provide roving service patrols in one or more Washington state patrol
16 tow zones whereby those registered tow truck operators wishing to
17 participate would cooperatively, with the department of transportation,
18 develop a demonstration project upon terms and conditions negotiated by
19 the parties.

20 Beginning on July 1, 1995, and on July 1st of each succeeding odd-
21 numbered year, the dollar limits specified in this section shall be
22 adjusted as follows: The office of financial management shall
23 calculate such limits by adjusting the previous biennium's limits by
24 the appropriate federal inflationary index reflecting the rate of
25 inflation for the previous biennium. Such amounts shall be rounded to
26 the nearest one hundred dollars. However, the three thousand dollar
27 figure in subsection(~~s~~) (2) (~~and~~(~~8~~)) of this section may not be
28 adjusted to exceed five thousand dollars.

29 As used in this section, "Washington grown" has the definition in
30 RCW 15.64.060.

31 **Sec. 15.** RCW 43.88.160 and 2006 c 1 s 6 are each amended to read
32 as follows:

33 This section sets forth the major fiscal duties and
34 responsibilities of officers and agencies of the executive branch. The
35 regulations issued by the governor pursuant to this chapter shall
36 provide for a comprehensive, orderly basis for fiscal management and
37 control, including efficient accounting and reporting therefor, for the

1 executive branch of the state government and may include, in addition,
2 such requirements as will generally promote more efficient public
3 management in the state.

4 (1) Governor; director of financial management. The governor,
5 through the director of financial management, shall devise and
6 supervise a modern and complete accounting system for each agency to
7 the end that all revenues, expenditures, receipts, disbursements,
8 resources, and obligations of the state shall be properly and
9 systematically accounted for. The accounting system shall include the
10 development of accurate, timely records and reports of all financial
11 affairs of the state. The system shall also provide for central
12 accounts in the office of financial management at the level of detail
13 deemed necessary by the director to perform central financial
14 management. The director of financial management shall adopt and
15 periodically update an accounting procedures manual. Any agency
16 maintaining its own accounting and reporting system shall comply with
17 the updated accounting procedures manual and the rules of the director
18 adopted under this chapter. An agency may receive a waiver from
19 complying with this requirement if the waiver is approved by the
20 director. Waivers expire at the end of the fiscal biennium for which
21 they are granted. The director shall forward notice of waivers granted
22 to the appropriate legislative fiscal committees. The director of
23 financial management may require such financial, statistical, and other
24 reports as the director deems necessary from all agencies covering any
25 period.

26 (2) Except as provided in chapter 43.88C RCW, the director of
27 financial management is responsible for quarterly reporting of primary
28 operating budget drivers such as applicable workloads, caseload
29 estimates, and appropriate unit cost data. These reports shall be
30 transmitted to the legislative fiscal committees or by electronic means
31 to the legislative evaluation and accountability program committee.
32 Quarterly reports shall include actual monthly data and the variance
33 between actual and estimated data to date. The reports shall also
34 include estimates of these items for the remainder of the budget
35 period.

36 (3) The director of financial management shall report at least
37 annually to the appropriate legislative committees regarding the status
38 of all appropriated capital projects, including transportation

1 projects, showing significant cost overruns or underruns. If funds are
2 shifted from one project to another, the office of financial management
3 shall also reflect this in the annual variance report. Once a project
4 is complete, the report shall provide a final summary showing estimated
5 start and completion dates of each project phase compared to actual
6 dates, estimated costs of each project phase compared to actual costs,
7 and whether or not there are any outstanding liabilities or unsettled
8 claims at the time of completion.

9 (4) In addition, the director of financial management, as agent of
10 the governor, shall:

11 (a) Develop and maintain a system of internal controls and internal
12 audits comprising methods and procedures to be adopted by each agency
13 that will safeguard its assets, check the accuracy and reliability of
14 its accounting data, promote operational efficiency, and encourage
15 adherence to prescribed managerial policies for accounting and
16 financial controls. The system developed by the director shall include
17 criteria for determining the scope and comprehensiveness of internal
18 controls required by classes of agencies, depending on the level of
19 resources at risk.

20 Each agency head or authorized designee shall be assigned the
21 responsibility and authority for establishing and maintaining internal
22 audits following the standards of internal auditing of the institute of
23 internal auditors;

24 (b) Make surveys and analyses of agencies with the object of
25 determining better methods and increased effectiveness in the use of
26 manpower and materials; and the director shall authorize expenditures
27 for employee training to the end that the state may benefit from
28 training facilities made available to state employees;

29 (c) Establish policies for allowing the contracting of child care
30 services;

31 (d) Report to the governor with regard to duplication of effort or
32 lack of coordination among agencies;

33 (e) Review any pay and classification plans, and changes
34 thereunder, developed by any agency for their fiscal impact: PROVIDED,
35 That none of the provisions of this subsection shall affect merit
36 systems of personnel management now existing or hereafter established
37 by statute relating to the fixing of qualifications requirements for
38 recruitment, appointment, or promotion of employees of any agency. The

1 director shall advise and confer with agencies including appropriate
2 standing committees of the legislature as may be designated by the
3 speaker of the house and the president of the senate regarding the
4 fiscal impact of such plans and may amend or alter the plans, except
5 that for the following agencies no amendment or alteration of the plans
6 may be made without the approval of the agency concerned: Agencies
7 headed by elective officials;

8 (f) Fix the number and classes of positions or authorized employee
9 years of employment for each agency and during the fiscal period amend
10 the determinations previously fixed by the director except that the
11 director shall not be empowered to fix the number or the classes for
12 the following: Agencies headed by elective officials;

13 (g) Adopt rules to effectuate provisions contained in (a) through
14 (f) of this subsection.

15 (5) The treasurer shall:

16 (a) Receive, keep, and disburse all public funds of the state not
17 expressly required by law to be received, kept, and disbursed by some
18 other persons: PROVIDED, That this subsection shall not apply to those
19 public funds of the institutions of higher learning which are not
20 subject to appropriation;

21 (b) Receive, disburse, or transfer public funds under the
22 treasurer's supervision or custody;

23 (c) Keep a correct and current account of all moneys received and
24 disbursed by the treasurer, classified by fund or account;

25 (d) Coordinate agencies' acceptance and use of credit cards and
26 other payment methods, if the agencies have received authorization
27 under RCW 43.41.180;

28 (e) Perform such other duties as may be required by law or by
29 regulations issued pursuant to this law.

30 It shall be unlawful for the treasurer to disburse public funds in
31 the treasury except upon forms or by alternative means duly prescribed
32 by the director of financial management. These forms or alternative
33 means shall provide for authentication and certification by the agency
34 head or the agency head's designee that the services have been rendered
35 or the materials have been furnished; or, in the case of loans or
36 grants, that the loans or grants are authorized by law; or, in the case
37 of payments for periodic maintenance services to be performed on state
38 owned equipment, that a written contract for such periodic maintenance

1 services is currently in effect; and the treasurer shall not be liable
2 under the treasurer's surety bond for erroneous or improper payments so
3 made. When services are lawfully paid for in advance of full
4 performance by any private individual or business entity other than
5 equipment maintenance providers or as provided for by RCW 42.24.035,
6 such individual or entity other than central stores rendering such
7 services shall make a cash deposit or furnish surety bond coverage to
8 the state as shall be fixed in an amount by law, or if not fixed by
9 law, then in such amounts as shall be fixed by the director of the
10 department of general administration but in no case shall such required
11 cash deposit or surety bond be less than an amount which will fully
12 indemnify the state against any and all losses on account of breach of
13 promise to fully perform such services. Except for institutions of
14 higher education, no payments shall be made in advance for any
15 equipment maintenance services to be performed more than twelve months
16 after such payment. Any such bond so furnished shall be conditioned
17 that the person, firm or corporation receiving the advance payment will
18 apply it toward performance of the contract. The responsibility for
19 recovery of erroneous or improper payments made under this section
20 shall lie with the agency head or the agency head's designee in
21 accordance with regulations issued pursuant to this chapter. Nothing
22 in this section shall be construed to permit a public body to advance
23 funds to a private service provider pursuant to a grant or loan before
24 services have been rendered or material furnished.

25 (6) The state auditor shall:

26 (a) Report to the legislature the results of current post audits
27 that have been made of the financial transactions of each agency; to
28 this end the auditor may, in the auditor's discretion, examine the
29 books and accounts of any agency, official, or employee charged with
30 the receipt, custody, or safekeeping of public funds. Where feasible
31 in conducting examinations, the auditor shall utilize data and findings
32 from the internal control system prescribed by the office of financial
33 management. The current post audit of each agency may include a
34 section on recommendations to the legislature as provided in (c) of
35 this subsection.

36 (b) Give information to the legislature, whenever required, upon
37 any subject relating to the financial affairs of the state.

1 (c) Make the auditor's official report on or before the thirty-
2 first of December which precedes the meeting of the legislature. The
3 report shall be for the last complete fiscal period and shall include
4 determinations as to whether agencies, in making expenditures, complied
5 with the laws of this state. The state auditor is authorized to
6 perform or participate in performance verifications and performance
7 audits as expressly authorized by the legislature in the omnibus
8 biennial appropriations acts or in the performance audit work plan
9 approved by the joint legislative audit and review committee. The
10 state auditor, upon completing an audit for legal and financial
11 compliance under chapter 43.09 RCW or a performance verification, may
12 report to the joint legislative audit and review committee or other
13 appropriate committees of the legislature, in a manner prescribed by
14 the joint legislative audit and review committee, on facts relating to
15 the management or performance of governmental programs where such facts
16 are discovered incidental to the legal and financial audit or
17 performance verification. The auditor may make such a report to a
18 legislative committee only if the auditor has determined that the
19 agency has been given an opportunity and has failed to resolve the
20 management or performance issues raised by the auditor. If the auditor
21 makes a report to a legislative committee, the agency may submit to the
22 committee a response to the report. This subsection (6) shall not be
23 construed to authorize the auditor to allocate other than de minimis
24 resources to performance audits except as expressly authorized in the
25 appropriations acts or in the performance audit work plan. The results
26 of a performance audit conducted by the state auditor that has been
27 requested by the joint legislative audit and review committee must only
28 be transmitted to the joint legislative audit and review committee.

29 (d) Be empowered to take exception to specific expenditures that
30 have been incurred by any agency or to take exception to other
31 practices related in any way to the agency's financial transactions and
32 to cause such exceptions to be made a matter of public record,
33 including disclosure to the agency concerned and to the director of
34 financial management. It shall be the duty of the director of
35 financial management to cause corrective action to be taken within six
36 months, such action to include, as appropriate, the withholding of
37 funds as provided in RCW 43.88.110. The director of financial
38 management shall annually report by December 31st the status of audit

1 resolution to the appropriate committees of the legislature, the state
2 auditor, and the attorney general. The director of financial
3 management shall include in the audit resolution report actions taken
4 as a result of an audit including, but not limited to, types of
5 personnel actions, costs and types of litigation, and value of recouped
6 goods or services.

7 (e) Promptly report any irregularities to the attorney general.

8 (f) Investigate improper governmental activity under chapter 42.40
9 RCW.

10 (~~(g)~~) In addition to the authority given to the state auditor in
11 this subsection (6), the state auditor is authorized to conduct
12 performance audits identified in RCW 43.09.470. Nothing in this
13 subsection (6) shall limit, impede, or restrict the state auditor from
14 conducting performance audits identified in RCW 43.09.470.

15 (7) The joint legislative audit and review committee may:

16 (a) Make post audits of the financial transactions of any agency
17 and management surveys and program reviews as provided for in chapter
18 44.28 RCW as well as performance audits and program evaluations. To
19 this end the joint committee may in its discretion examine the books,
20 accounts, and other records of any agency, official, or employee.

21 (b) Give information to the legislature or any legislative
22 committee whenever required upon any subject relating to the
23 performance and management of state agencies.

24 (c) Make a report to the legislature which shall include at least
25 the following:

26 (i) Determinations as to the extent to which agencies in making
27 expenditures have complied with the will of the legislature and in this
28 connection, may take exception to specific expenditures or financial
29 practices of any agencies; and

30 (ii) Such plans as it deems expedient for the support of the
31 state's credit, for lessening expenditures, for promoting frugality and
32 economy in agency affairs, and generally for an improved level of
33 fiscal management.

34 **Sec. 16.** RCW 43.03.220 and 2011 c 5 s 902 are each amended to read
35 as follows:

36 (1) Any part-time board, commission, council, committee, or other
37 similar group which is established by the executive, legislative, or

1 judicial branch to participate in state government and which functions
2 primarily in an advisory, coordinating, or planning capacity shall be
3 identified as a class one group.

4 (2) Absent any other provision of law to the contrary, no money
5 beyond the customary reimbursement or allowance for expenses may be
6 paid by or through the state to members of class one groups for
7 attendance at meetings of such groups.

8 (3) Beginning July 1, 2010, through June 30, 2011, no person
9 designated as a member of a class one board, commission, council,
10 committee, or similar group may receive an allowance for subsistence,
11 lodging, or travel expenses if the allowance cost is funded by the
12 state general fund. Exceptions may be granted under section 605,
13 chapter 3, Laws of 2010. Class one groups, when feasible, shall use an
14 alternative means of conducting a meeting that does not require travel
15 while still maximizing member and public participation and may use a
16 meeting format that requires members to be physically present at one
17 location only when necessary or required by law. Meetings that require
18 a member's physical presence at one location must be held in state
19 facilities whenever possible. Meetings conducted using private
20 facilities must be approved by the director of the office of financial
21 management, except for facilities provided free of charge. Meetings of
22 class one groups affiliated with institutions of higher education do
23 not require such approval.

24 (4) Beginning July 1, 2010, through June 30, 2011, class one groups
25 that are funded by sources other than the state general fund are
26 encouraged to reduce travel, lodging, and other costs associated with
27 conducting the business of the group including use of other meeting
28 formats that do not require travel.

29 **Sec. 17.** RCW 43.03.230 and 2011 c 5 s 903 are each amended to read
30 as follows:

31 (1) Any agricultural commodity board or commission established
32 pursuant to Title 15 or 16 RCW shall be identified as a class two group
33 for purposes of compensation.

34 (2) Except as otherwise provided in this section, each member of a
35 class two group is eligible to receive compensation in an amount not to
36 exceed one hundred dollars for each day during which the member attends
37 an official meeting of the group or performs statutorily prescribed

1 duties approved by the chairperson of the group. A person shall not
2 receive compensation for a day of service under this section if the
3 person (a) occupies a position, normally regarded as full-time in
4 nature, in any agency of the federal government, Washington state
5 government, or Washington state local government; and (b) receives any
6 compensation from such government for working that day.

7 (3) Compensation may be paid a member under this section only if it
8 is authorized under the law dealing in particular with the specific
9 group to which the member belongs or dealing in particular with the
10 members of that specific group.

11 (4) Beginning July 1, 2010, through June 30, 2011, no person
12 designated as a member of a class two board, commission, council,
13 committee, or similar group may receive an allowance for subsistence,
14 lodging, or travel expenses if the allowance cost is funded by the
15 state general fund. Exceptions may be granted under section 605,
16 chapter 3, Laws of 2010. Class two groups, when feasible, shall use an
17 alternative means of conducting a meeting that does not require travel
18 while still maximizing member and public participation and may use a
19 meeting format that requires members to be physically present at one
20 location only when necessary or required by law. Meetings that require
21 a member's physical presence at one location must be held in state
22 facilities whenever possible. Meetings conducted using private
23 facilities must be approved by the director of the office of financial
24 management, except for facilities provided free of charge. Meetings of
25 class two groups affiliated with institutions of higher education do
26 not require such approval.

27 (5) Beginning July 1, 2010, through June 30, 2011, class two groups
28 that are funded by sources other than the state general fund are
29 encouraged to reduce travel, lodging, and other costs associated with
30 conducting the business of the group including use of other meeting
31 formats that do not require travel.

32 **Sec. 18.** RCW 43.03.240 and 2011 c 5 s 904 are each amended to read
33 as follows:

34 (1) Any part-time, statutory board, commission, council, committee,
35 or other similar group which has rule-making authority, performs quasi
36 judicial functions, has responsibility for the administration or policy
37 direction of a state agency or program, or performs regulatory or

1 licensing functions with respect to a specific profession, occupation,
2 business, or industry shall be identified as a class three group for
3 purposes of compensation.

4 (2) Except as otherwise provided in this section, each member of a
5 class three group is eligible to receive compensation in an amount not
6 to exceed fifty dollars for each day during which the member attends an
7 official meeting of the group or performs statutorily prescribed duties
8 approved by the chairperson of the group. A person shall not receive
9 compensation for a day of service under this section if the person (a)
10 occupies a position, normally regarded as full-time in nature, in any
11 agency of the federal government, Washington state government, or
12 Washington state local government; and (b) receives any compensation
13 from such government for working that day.

14 (3) Compensation may be paid a member under this section only if it
15 is authorized under the law dealing in particular with the specific
16 group to which the member belongs or dealing in particular with the
17 members of that specific group.

18 (4) Beginning July 1, 2010, through June 30, 2011, no person
19 designated as a member of a class three board, commission, council,
20 committee, or similar group may receive an allowance for subsistence,
21 lodging, or travel expenses if the allowance cost is funded by the
22 state general fund. Exceptions may be granted under section 605,
23 chapter 3, Laws of 2010. Class three groups, when feasible, shall use
24 an alternative means of conducting a meeting that does not require
25 travel while still maximizing member and public participation and may
26 use a meeting format that requires members to be physically present at
27 one location only when necessary or required by law. Meetings that
28 require a member's physical presence at one location must be held in
29 state facilities whenever possible. Meetings conducted using private
30 facilities must be approved by the director of the office of financial
31 management, except for facilities provided free of charge. Meetings of
32 class three groups affiliated with institutions of higher education do
33 not require such approval.

34 (5) Beginning July 1, 2010, through June 30, 2011, class three
35 groups that are funded by sources other than the state general fund are
36 encouraged to reduce travel, lodging, and other costs associated with
37 conducting the business of the group including use of other meeting
38 formats that do not require travel.

1 **Sec. 19.** RCW 43.03.250 and 2011 c 5 s 905 are each amended to read
2 as follows:

3 (1) A part-time, statutory board, commission, council, committee,
4 or other similar group shall be identified as a class four group for
5 purposes of compensation if the group:

6 (a) Has rule-making authority, performs quasi-judicial functions,
7 or has responsibility for the administration or policy direction of a
8 state agency or program;

9 (b) Has duties that are deemed by the legislature to be of
10 overriding sensitivity and importance to the public welfare and the
11 operation of state government; and

12 (c) Requires service from its members representing a significant
13 demand on their time that is normally in excess of one hundred hours of
14 meeting time per year.

15 (2) Each member of a class four group is eligible to receive
16 compensation in an amount not to exceed one hundred dollars for each
17 day during which the member attends an official meeting of the group or
18 performs statutorily prescribed duties approved by the chairperson of
19 the group. A person shall not receive compensation for a day of
20 service under this section if the person (a) occupies a position,
21 normally regarded as full-time in nature, in any agency of the federal
22 government, Washington state government, or Washington state local
23 government; and (b) receives any compensation from such government for
24 working that day.

25 (3) Compensation may be paid a member under this section only if it
26 is authorized under the law dealing in particular with the specific
27 group to which the member belongs or dealing in particular with the
28 members of that specific group.

29 (4) Beginning July 1, 2010, through June 30, 2011, class four
30 groups, when feasible, shall use an alternative means of conducting a
31 meeting that does not require travel while still maximizing member and
32 public participation and may use a meeting format that requires members
33 to be physically present at one location only when necessary or
34 required by law. Meetings that require a member's physical presence at
35 one location must be held in state facilities whenever possible.
36 Meetings conducted using private facilities must be approved by the
37 director of the office of financial management, except for facilities

1 provided free of charge. Meetings of class four groups affiliated with
2 institutions of higher education do not require such approval.

3 **Sec. 20.** RCW 43.03.265 and 2011 c 5 s 906 are each amended to read
4 as follows:

5 (1) Any part-time commission that has rule-making authority,
6 performs quasi-judicial functions, has responsibility for the policy
7 direction of a health profession credentialing program, and performs
8 regulatory and licensing functions with respect to a health care
9 profession licensed under Title 18 RCW shall be identified as a class
10 five group for purposes of compensation.

11 (2) Except as otherwise provided in this section, each member of a
12 class five group is eligible to receive compensation in an amount not
13 to exceed two hundred fifty dollars for each day during which the
14 member attends an official meeting of the group or performs statutorily
15 prescribed duties approved by the chairperson of the group. A person
16 shall not receive compensation for a day of service under this section
17 if the person (a) occupies a position, normally regarded as full-time
18 in nature, in any agency of the federal government, Washington state
19 government, or Washington state local government; and (b) receives any
20 compensation from such government for working that day.

21 (3) Compensation may be paid a member under this section only if it
22 is necessarily incurred in the course of authorized business consistent
23 with the responsibilities of the commission established by law.

24 (4) Beginning July 1, 2010, through June 30, 2011, no person
25 designated as a member of a class five board, commission, council,
26 committee, or similar group may receive an allowance for subsistence,
27 lodging, or travel expenses if the allowance cost is funded by the
28 state general fund. Exceptions may be granted under section 605,
29 chapter 3, Laws of 2010. Class five groups, when feasible, shall use
30 an alternative means of conducting a meeting that does not require
31 travel while still maximizing member and public participation and may
32 use a meeting format that requires members to be physically present at
33 one location only when necessary or required by law. Meetings that
34 require a member's physical presence at one location must be held in
35 state facilities whenever possible. Meetings conducted using private
36 facilities must be approved by the director of the office of financial

1 management, except for facilities provided free of charge. Meetings of
2 class five groups affiliated with institutions of higher education do
3 not require such approval.

4 (5) Beginning July 1, 2010, through June 30, 2011, class five
5 groups that are funded by sources other than the state general fund are
6 encouraged to reduce travel, lodging, and other costs associated with
7 conducting the business of the group including use of other meeting
8 formats that do not require travel.

9 **Sec. 21.** 2010 c 3 s 602 (uncodified) is amended to read as
10 follows:

11 (1) From March 17, 2010, until July 1, 2011, state agencies of the
12 legislative, executive, and judicial branches shall not enter into any
13 contracts or other agreements entered into for the acquisition of
14 personal services not related to an emergency or other catastrophic
15 event that requires government action to protect life or public safety.

16 (2) This section does not apply to personal services contracts or
17 other agreements for the acquisition of personal services where the
18 costs are funded exclusively from private or federal grants, where the
19 costs are for tax and fee collection, where the costs are for revenue
20 generation and auditing activities, where the costs are for the review
21 and research conducted by the joint transportation committee pursuant
22 to RCW 44.04.300, where the costs are necessary to receive or maintain
23 federal funds by the state, or(~~(, in)~~) to institutions of higher
24 education(~~(, where the costs are not funded from state funds or~~
25 ~~tuition)~~). This section also does not apply where costs are related to
26 hearing officers, where costs are related to real estate appraisals or
27 habitat assessments, where costs are related to carrying out a court
28 order, or where costs are related to information technology contracts
29 related to an information services board approved information
30 technology project, or where costs are related to judicial information
31 system technology projects.

32 (3) Exceptions to this section may be granted under section 605,
33 chapter 3, Laws of 2010.

34 **Sec. 22.** 2010 c 3 s 603 (uncodified) is amended to read as
35 follows:

36 (1) From March 17, 2010, until July 1, 2011, state agencies of the

1 legislative, executive, and judicial branches shall not enter into any
2 contracts or other agreements for the acquisition of any item of
3 equipment the cost of which exceeds five thousand dollars and is not
4 related to an emergency or other catastrophic event that requires
5 government action to protect life or public safety.

6 (2) This section does not apply to the unemployment insurance
7 program of the employment security department, to costs that are for
8 tax and fee collection, for revenue generation and audit activities, or
9 for receiving or maintaining federal funds by the state, or(~~(, in)~~) to
10 institutions of higher education(~~(, to costs not funded from state~~
11 ~~funds or tuition)~~). This section also does not apply to costs that are
12 funded exclusively from private or federal grants, or for equipment
13 necessary to complete a project funded in the omnibus capital or
14 transportation appropriation acts, or the operational divisions of the
15 department of information services, or cost related to the
16 continuation, renewal, or establishment of maintenance for existing
17 computer software licensing and existing computer hardware, or for
18 costs related to the judicial information system.

19 (3) Exceptions to this section may be granted under section 605,
20 chapter 3, Laws of 2010.

21 **Sec. 23.** 2010 c 3 s 604 (uncodified) is amended to read as
22 follows:

23 (1) State agencies of the legislative, executive, and judicial
24 branches shall not make expenditures for the cost or reimbursement of
25 out-of-state travel or out-of-state training by state employees where
26 the travel or training is not related to an emergency or other
27 catastrophic event that requires government action to protect life or
28 public safety, or direct service delivery, and the travel or training
29 occurs after March 17, 2010, and before July 1, 2011.

30 (2) This section does not apply to travel expenditures when the
31 costs are funded exclusively from private or federal grants. This
32 section does not apply to the unemployment insurance program of the
33 employment security department, to costs that are for tax and fee
34 collection, for revenue generation and audit activities, or for
35 receiving or maintaining federal funds by the state, or(~~(, in)~~) to
36 institutions of higher education(~~(, to costs not funded from state~~
37 ~~funds or tuition)~~). This section also does not apply to costs related

1 to carrying out a court order or to costs to travel by air into
2 Washington state from any airport located in a contiguous state of
3 which the largest city is part of a metropolitan statistical area with
4 a city located in Washington state, or to motor vehicle and parking
5 costs for single day travel to a contiguous state or British Columbia,
6 Canada.

7 (3) Exceptions to this section may be granted under section 605,
8 chapter 3, Laws of 2010.

9 **Sec. 24.** 2010 1st sp.s. c 37 s 901 (uncodified) is amended to read
10 as follows:

11 (1) From May 4, 2010, until July 1, 2011, state agencies of the
12 legislative, executive, and judicial branches shall not establish new
13 staff positions or fill vacant existing staff positions except as
14 specifically authorized by this section.

15 (2) The following activities of state agencies are exempt from
16 subsection (1) of this section:

17 (a) Direct custody, supervision, and patient care in corrections,
18 juvenile rehabilitation, institutional care of veterans, the mentally
19 ill, developmentally disabled, state hospitals, the special commitment
20 center, and the schools for the blind and the deaf;

21 (b) Direct protective services to children and other vulnerable
22 populations in the department of social and health services;

23 (c) Washington state patrol investigative services and field
24 enforcement;

25 (d) Hazardous materials response and emergency cleanup;

26 (e) Emergency public health and patient safety response and the
27 public health laboratory;

28 (f) Military operations and emergency management within the
29 military department;

30 (g) Firefighting;

31 (h) Enforcement officers in the department of fish and wildlife,
32 the liquor control board, the gambling commission, and the department
33 of natural resources;

34 (i) Park rangers at the parks and recreation commission;

35 (j) Seasonal employment by natural resources agencies to the extent
36 that employment levels do not exceed the prior fiscal year;

1 (k) Seasonal employment in the department of transportation
2 maintenance programs to the extent that employment levels do not exceed
3 the prior fiscal year;

4 (l) Employees hired on a seasonal basis by the department of
5 agriculture for inspection and certification of agricultural products
6 and for insect detection;

7 (m) Activities directly related to tax and fee collection, revenue
8 generation, auditing, and recovery;

9 (n) In institutions of higher education, (~~any positions directly~~
10 ~~related to academic programs, as well as positions not funded from~~
11 ~~state funds or tuition, positions that are filled by enrolled students~~
12 ~~at their own institution as student workers, positions in campus police~~
13 ~~and security, positions related to emergency management and response,~~
14 ~~and positions related to student health care and counseling)) all
15 positions;~~

16 (o) Operations of the state lottery and liquor control board
17 business enterprises;

18 (p) The unemployment insurance program of the employment security
19 department; and

20 (q) Activities that are necessary to receive or maintain federal
21 funds by the state.

22 (3) The exemptions specified in subsection (2) of this section do
23 not require the establishment of new staff positions or the filling of
24 vacant staff positions in the activities specified.

25 (4) Exceptions to this section may be granted under section 605
26 (~~of this act~~), chapter 3, Laws of 2010.

27 (5) Also exempted from this section are positions related to
28 facility realignments in the department of corrections, positions
29 related to the transfer of programs between state agencies assumed in
30 (~~this act~~) chapter 3, Laws of 2010, and disability determination
31 staff funded solely by federal funds.

32 **Sec. 25.** 2010 c 1 s 8 (uncodified) is amended to read as follows:

33 (1) Notwithstanding sections 1 through 5, chapter 1, Laws of 2010,
34 institutions of higher education may grant a wage or salary increase
35 for additional academic responsibilities during the summer quarter if
36 the following conditions are met:

37 (a) The salary increase can be paid within existing resources; and

1 (b) The salary increase will not adversely impact the provision of
2 client services.

3 (2) Notwithstanding sections 1 through 5, chapter 1, Laws of 2010,
4 and provided that any increase is not funded from state funds,
5 institutions of higher education may grant a wage or salary increase to
6 critical academic personnel as needed for retention purposes where the
7 loss of such personnel would be likely to result in a loss of grant or
8 other funding.

9 (3) Any institution granting a wage or salary increase under this
10 section from February 15, 2010, through June 30, 2011, shall submit a
11 report to the fiscal committees of the legislature no later than July
12 31, 2011, detailing the positions for which salary increases were
13 granted, the size of the increases, and the reasons for giving the
14 increases.

15 NEW SECTION. Sec. 26. The following acts or parts of acts are
16 each repealed:

17 (1) RCW 28B.10.920 (Performance agreements--Generally) and 2008 c
18 160 s 2;

19 (2) RCW 28B.10.921 (Performance agreements--Contents) and 2008 c
20 160 s 3; and

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

24 NEW SECTION. Sec. 27. (1) The office of financial management
25 shall work with the department of personnel and the office of the
26 secretary of state to review and develop a proposal to balance
27 expenditures from the higher education personnel services fund and the
28 archives and record management account with agency rates paid into
29 these accounts. The office of financial management shall work with the
30 department of personnel and the office of the secretary of state to
31 develop a proposal for state agency rates paid into these accounts that
32 equitably and reasonably reflect the actual cost of services provided
33 to state agencies, including the appropriate allocation of agency
34 overhead costs. The office of financial management shall seek and
35 consider input from state agencies regarding charges for agency
36 services supported from these accounts. By November 15, 2011, the

1 office of financial management shall submit to the appropriate fiscal
2 committees of the legislature a proposed rate structure for agency
3 charges paid into the higher education personnel services fund and the
4 archives and record management account.

5 (2) The office of financial management shall work with the
6 appropriate state agencies as determined by the office of financial
7 management, and the council of presidents to convene an interagency
8 work group to develop and implement improved administration and
9 management practices that enhance the efficiency and effectiveness of
10 operations throughout higher education campuses. The council of
11 presidents shall appoint a lead higher education institution to provide
12 administrative support to the work group within that institution's
13 current resources. The work group shall report to the legislature by
14 November 15, 2012, and November 15, 2013, on its progress, anticipated
15 outcomes, policy recommendations, and performance measures for
16 demonstrating achievement of improved efficiencies and effectiveness.

17 NEW SECTION. **Sec. 28.** A new section is added to chapter 28B.76
18 RCW to read as follows:

19 (1) The board, the state board for community and technical
20 colleges, the council of presidents, the four-year institutions of
21 higher education, the private independent higher education
22 institutions, and the private career schools shall collaborate to carry
23 out the following goals:

24 (a) Increase the number of students who receive academic credit for
25 prior learning and the number of students who receive credit for prior
26 learning that counts towards their major or towards earning their
27 degree, certificate, or credential, while ensuring that credit is
28 awarded only for high quality, course-level competencies;

29 (b) Increase the number and type of academic credits accepted for
30 prior learning in institutions of higher education, while ensuring that
31 credit is awarded only for high quality, course-level competencies;

32 (c) Develop transparent policies and practices in awarding academic
33 credit for prior learning;

34 (d) Improve prior learning assessment practices across the
35 institutions of higher education;

36 (e) Create tools to develop faculty and staff knowledge and

1 expertise in awarding credit for prior learning and to share exemplary
2 policies and practices among institutions of higher education;

3 (f) Develop articulation agreements when patterns of credit for
4 prior learning are identified for particular programs and pathways; and

5 (g) Develop outcome measures to track progress on the goals
6 outlined in this section.

7 (2) The board shall convene the academic credit for prior learning
8 work group.

9 (a) The work group must include the following members in addition
10 to representation from the board:

11 (i) The state board for community and technical colleges;

12 (ii) The workforce training and education coordinating board;

13 (iii) The council of presidents;

14 (iv) Representatives from Washington institutions of higher
15 education;

16 (v) Representatives from faculty of two and four-year institutions
17 of higher education;

18 (vi) Representatives from private career schools; and

19 (vii) Representatives from business and labor.

20 (b) The purpose of the work group is to coordinate and implement
21 the goals in subsection (1) of this section.

22 (3) The board shall report progress on the goals and outcome
23 measures annually by December 31st.

24 (4) For the purposes of this section, "prior learning" means the
25 knowledge and skills gained through work and life experience; through
26 military training and experience; and through formal and informal
27 education and training from in-state and out-of-state institutions
28 including foreign institutions.

29 NEW SECTION. **Sec. 29.** This act may be known and cited as the
30 higher education opportunity act.

31 NEW SECTION. **Sec. 30.** Sections 21 through 26 of this act are
32 necessary for the immediate preservation of the public peace, health,
33 or safety, or support of the state government and its existing public
34 institutions, and take effect immediately.

1 NEW SECTION. **Sec. 31.** The higher education coordinating board,
2 the state board for community and technical colleges, and the council
3 of presidents shall convene a work group, with representatives from
4 higher education institutions, including faculty representatives, to
5 develop a plan for creating common course numbering for all common
6 lower division courses at all institutions of higher education. The
7 plan shall include, but not be limited to the following: (1)
8 Identification of key issues and barriers to implementing common course
9 numbering; (2) cost estimates related to implementation of common
10 course numbering; (3) faculty and staff time required for development
11 and maintenance of common course numbering; (4) a definition of common
12 courses; and (5) an implementation timeline. The plan shall be
13 delivered to the higher education committees of the legislature and the
14 governor by December 1, 2011."

15 Correct the title.

EFFECT: Grants tuition-setting authority to the four-year colleges and universities for all students for four years, through the 2014-15 academic year.

Grants tuition-setting authority to public baccalaureate institutions beginning in the 2015-16 through 2018-19 academic year within limits based on a state funding baseline year and funding for similar higher education institutions in the Global Challenge States. In the 2019-20 academic year, tuition-setting authority for resident students at public baccalaureate institutions reverts to the Legislature.

Provides a formula for offsetting increases in tuition if a public baccalaureate institution increases tuition beyond levels assumed in the operating budget.

Allows this financial assistance to be provided via various methods with sources from tuition revenue, locally held funds, tuition waivers, or local financial aid programs.

Requires the UW to enroll at least the same number of resident freshman undergraduate students each term as enrolled in 2009-10.

Provides that tuition for community and technical college students is set by the Legislature in the omnibus appropriations act.

Permits the State Board for Community and Technical Colleges to authorize differential tuition models.

Requires that instead of 3.5%, public baccalaureate institutions remit 5% of operating fees back to students in the form of financial aid if the institution raises tuition above levels assumed in the operating budget. If the institution does not increase tuition above

levels assumed in the operating budget, instead of 3.5%, 4% of operating fees must be remitted for financial aid purposes.

Requires public baccalaureate institutions to create a performance plan based on performance metrics and the ability to increase tuition beyond levels assumed in the budget is limited based on performance.

Requires that all of the increase in the amount required to be retained by public baccalaureate institutions for purposes of the institutional financial aid fund be specifically targeted for financial aid programs for needy students, such as need-based institutional employment or need-based tuition and fees scholarship or grant programs, and not be used for any of the other purposes permitted under RCW 28B.15.820 such as short and long-term loans and financial aid for high school students enrolled in dual credit programs.

Requires colleges and universities to collaborate with student associations to make every effort to communicate the American Opportunity Tax Credit and other credits to students and report on the effectiveness of these methods.

Requires public baccalaureate institutions that increase tuition beyond tuition increases assumed in the operating budget to report on methods of providing financial assistance and impacts of tuition increases on resident students including debt burdens, and devise plans to mitigate for negative effects on the student population. The key purpose of the annual report is to provide information to the Legislature on impacts to students, and educational access, affordability, and quality as a result of granting flexible tuition setting authority.

Requires that data on student impacts must be disaggregated by income bracket for both the reports by public baccalaureate institutions related to impacts on tuition increases and also for data gathered to report on outcomes.

Requires the HECB, in consultation with four-year colleges and universities and the SBCTC, to develop State Need Grant award criteria and methods of disbursement based on level of need, and not solely rely on a first-come, first-served basis.

Requires higher education institutions to report data that aligns with the National Governor's Association Complete to Compete metrics with additions that include graduate and professional degrees, STEM participation, student debt load, disaggregation of measures based on various student demographics, including socioeconomic status and income level, among others.

Requires higher education institutions to display accountability data on the OFM web site.

Permits that Running Start Students be charged a fee of up to 10% of tuition and fees in addition to other mandatory fees.

Requires all public colleges and universities to make every effort possible to communicate available waivers to eligible low-income Running Start students.

Requires four-year colleges and universities to award junior standing to a Washington CTC graduate who has earned a transferable associate of arts or sciences degree. Also requires four-year colleges to award junior standing when accepting transfer students from other Washington four-year colleges and universities.

Requires that a graduate who has earned the direct transfer associate of arts degree will be deemed to have met the lower division general education requirements when transferring to a four-year college or university and four-year colleges must award a student junior

standing when accepting transfer students from other Washington four-year colleges and universities.

Requires any college or university to develop a minimum of one degree within the arts and sciences disciplines that can be completed within the equivalent of 90 quarter upper division credits by any student who enters a college or university with junior status and lower division general education requirements completed.

Requires community and technical colleges to identify and publish in their admissions materials college-level courses that are recognized by all four-year colleges and universities as transferable to those colleges and universities. Publication of the list of courses must be easily identified and accessible on the college's web site.

Requires collaboration of higher education institutions and state agencies to increase the number of students who receive credit for prior learning and to increase the types of credits awarded for prior learning.

Establishes a work group to oversee implementation of the recommendations in the December 2010 report of the State Board for Community and Technical Colleges. Defines "prior learning" and requires a report on progress.

Requires the HECB and the SBCTC convene a work group with representatives from higher education institutions to develop a plan that identifies key issues and barriers for implementing common course numbering, cost estimates, faculty and staff time required, a definition of common courses, and an implementation timeline.

Repeals performance agreements.

Aligns procurement thresholds when higher education agencies contract with consultants at \$10,000 for informal contracts that do not require documented evidence of competitions and \$100,000 for formal contracts that require documented evidence of formal competition.

Allows purchase of equipment maintenance agreements for periods of longer than one year.

Requires the Office of Financial Management to work with the Department of Personnel and the Office of the Secretary of State and state agencies to review and develop a proposal to balance expenditures from the Higher Education Personnel Services fund and the archives and Records Management Account with agency rates paid into these accounts. OFM with the Department of Personnel and the Office of the Secretary of State are required to develop a proposal for state agency rates paid into these accounts that equitably and reasonably reflect the actual cost of services provided to state agencies, including the appropriate allocation of agency overhead costs.

Until June 30, 2011, for public higher education institutions:

Removes short-term restrictions on meeting in private spaces.

Removes short-term prohibitions on personal service contracts.

Removes short-term prohibitions on equipment purchases over \$5,000.

Removes short-term prohibitions on out-of-state travel.

Removes short-term prohibitions on hiring for new or vacant positions.

Removes short-term restrictions on salary and wage increases for academic personnel.

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