

HOUSE BILL REPORT

2SSB 5781

As Reported By House Committee On:
Higher Education
Appropriations

Title: An act relating to higher education.

Brief Description: Improving access to public institutions of higher education.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Jesernig, Bauer, Moyer, Pelz, Bluechel, Spanel, Hargrove, Drew, von Reichbauer, Snyder, Sheldon, Loveland, McDonald, Erwin, M. Rasmussen, Barr, Prentice, Sutherland, McAuliffe, West, Oke, Amondson, Haugen, Franklin, Sellar, Hochstatter, Fraser, Deccio, A. Smith and Winsley).

Brief History:

Reported by House Committee on:
Higher Education, March 31, 1993, DPA;
Appropriations, April 3, 1993, DPA(HE/APP).

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended. Signed by 17 members: Representatives Jacobsen, Chair; Quall, Vice Chair; Brumsickle, Ranking Minority Member; Sheahan, Assistant Ranking Minority Member; Basich; Bray; Carlson; Casada; Finkbeiner; Flemming; Kessler; J. Kohl; Ogden; Orr; Rayburn; Shin; and Wood.

Staff: Marilee Scarbrough (786-7196).

Background: There are two recurring themes in discussions of access to higher education in Washington State: (1) enrollment limits; and (2) the declining proportion of the state budget dedicated to higher education.

During the past 10 years, the state's participation rate in higher education programs has declined. In 1981, the state was seventh in the nation in higher education participation; by 1990, this ranking had fallen to 29th, below the national average.

The Higher Education Coordinating Board (HECB) has adopted the goal of reaching the 90th percentile in national participation rates by the year 2010.

Summary of Amended Bill: It is the policy of the state of Washington that funding for higher education in the governor's budget request will be adequate to ensure a minimum participation rate equivalent to that of the last fiscal year of the previous biennium.

The governor's budget request shall include a funding level per full-time equivalent student, or this minimum enrollment level which is to be equal to the rate of such funding in the last fiscal year of the previous biennium plus an inflation factor for major instructional budget categories, which is equivalent to that used to calculate basic education in the common school system budget request submitted by the governor.

In addition to the minimum participation rate, it is the policy of the state that the governor's budget request provide for an enrollment increase to achieve the goal of reaching the 90th percentile in national participation rates by the year 2010. This goal is to be accomplished by increasing enrollments in regular increments each biennium in order to remain on target to achieve the goal by the end of the 2009-2011 Biennium.

The participation rate will be based on: (1) fall enrollment as reported in the higher education enrollment report of the Office of Financial Management (OFM); (2) the fall enrollment as reported in the management information system of the State Board for Community and Technical Colleges; and (3) the fall population forecast of OFM.

Estimates of future participation rates and enrollment levels shall be based on procedures and standards established by a technical working group. Members of the group shall represent: the Higher Education Coordinating Board; the State Board for Community and Technical Colleges; fiscal and higher education committees of the House of Representatives and the Senate; and the Office of Financial Management. Formal estimates of future participation rates and enrollment levels will be determined by OFM. OFM will submit the formal estimates to the fiscal committees of the House of Representatives and the Senate.

Funding for student financial aid in the governor's budget request will be, at a minimum, equal to the amount provided in the previous biennium adjusted for increases in enrollment and the cost of attendance as calculated by the

HECB. The HECB will provide these calculations to OFM and the Legislature by April 1 of each even-numbered year.

Contemporary contracting enrollment limitations upon the community college system are repealed.

Institutions of higher education may co-sponsor educational programs with nonprofit corporations. Under certain conditions, tuition fees for educational programs that are co-sponsored by an educational institution and a nonprofit corporation are exempt from business and occupation taxes. Tuition fees included fees for libraries, laboratories, health service, other special fees, and amounts charged for board and room for students and faculty.

In order to be eligible for the exemption, the nonprofit corporation must meet the requirements of section 501 (c)(3) of the federal Internal Revenue Code. In addition, the co-sponsoring educational institution must grant college credit for some or any course work completed through the educational program offered by the nonprofit corporation.

Amended Bill Compared to Second Substitute Bill: Language is added to allow institutions of higher education to co-sponsor educational programs with nonprofit corporations. Non profit organizations that co-sponsor courses are exempt from business and occupation taxes, if they meet certain requirements. The methodology for determining the participation rates is outlined. The Office of Financial Management will determine and report estimates of future participation rates and enrollment levels.

Fiscal Note: Requested April 1, 1993.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: Access to higher education is the only method to increase real wages. Until higher education is fully funded we will continue to increase taxes. Essential Requirements Levels are not calculated the same for all agencies. K-12, social services, and corrections actually have growth in the current budget. An investment must be made in higher education to maintain current levels of service. This bill establishes good policy. In order to maintain access, enrollment levels must be increased. The bill reflects the recommendations in the Higher Education Coordinating Board master plan.

Testimony Against: None.

Witnesses: (In favor) Terry Teale, Council of Presidents; Sherry Burkey, University of Washington; Gretchen Wippel, Washington Student Lobby; Jan Yoshiwara, State Board for Community and Technical Colleges; Larry Ganders, Washington State University; Jim Sainsbury, Higher Education Coordinating Board; and Joe Johnson, Clark College.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Higher Education as such amendment is amended by Committee on Appropriations. Signed by 25 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Linville; Peery; Rust; Sehlin; Sheahan; Sommers; Stevens; Talcott; Wang; Wineberry; and Wolfe.

Staff: Sherie Story (786-7142).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Higher Education: Fiscal year 1993 is established as the current level of participation to be maintained in future biennia. Language is added specifying that enrollment increases for each sector of higher education shall be pursuant to goals established by the Higher Education Coordinating Board. Language is removed that excluded workforce training from the calculation of higher education participation rates. Language is removed that provided a business and occupation tax exemption for tuition fees paid to non-profit corporations that co-sponsor courses with institutions of higher education.

Fiscal Note: Requested April 1, 1993.

Effective Date: The bill contains an emergency clause and takes effect July 1, 1993.

Testimony For: Essential Requirements Levels are not calculated the same for all agencies. K-12, social services, and corrections actually have growth in the current budget. An investment must be made in higher education to maintain current levels of service. This bill establishes good policy. In order to maintain access, enrollment levels must be increased.

Testimony Against: None.

Witnesses: Senator Jim Jesernig, prime sponsor (supports); Terry Teale, Council of Presidents (supports); and David Habura, State Board for Community and Technical Colleges (supports).