

# HOUSE BILL REPORT

## E2SHB 2605

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As Passed Legislature

**Title:** An act relating to higher education.

**Brief Description:** Changing higher education statutory relationships.

**Sponsors:** By House Committee on Appropriations (originally sponsored by Representatives Jacobsen, Brumsickle, Dorn, Bray, Ogden, Dunshee, Pruitt and J. Kohl).

**Brief History:**

Reported by House Committee on:  
Higher Education, February 3, 1994, DPS;  
Appropriations, February 7, 1994, DP2S;  
Passed House, February 14, 1994, 95-1;  
Amended by Senate;  
Conference Committee Report adopted.  
Passed Legislature, March 9, 1994, 95-1.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Jacobsen, Chair; Quall, Vice Chair; Brumsickle, Ranking Minority Member; Sheahan, Assistant Ranking Minority Member; Basich; Bray; Carlson; Casada; Finkbeiner; Flemming; Kessler; Mastin; Mielke; Ogden; Orr; Rayburn; Shin and Wood.

**Staff:** Susan Hosch (786-7120).

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 24 members: Representatives Sommers, Chair; Valle, Vice Chair; Carlson; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Foreman; Jacobsen; Lemmon; Linville; H. Myers; Peery; Rust; Sehlin; Sheahan; Stevens; Talcott; Wang and Wineberry.

**Minority Report:** Do not pass. Signed by 1 member: Representative Wolfe.

**Staff:** Sherie Story (786-7142).

**Background:**

Domestic Student Exchange Program

In 1989, four-year institutions of higher education were authorized to enter exchange agreements with comparable public institutions in other states. Through the agreements, undergraduate upper-division students from out-of-state colleges and universities could pay resident tuition rates for up to one year at a participating Washington baccalaureate institution. In return, an equal number of Washington students would pay resident tuition rates at the out-of state institution.

Washington Scholars Program

The Washington Scholars Program was created by the 1981 Legislature. The program recognizes three outstanding high school seniors from each legislative district. The students representing each district do not need to live in the district that they represent. They may be attending a high school in that district instead. Consequently, at times, more than three students have received awards in some legislative districts, while students in a neighboring legislative district have not received any awards.

Washington Community and Technical College Exceptional Faculty Awards Program

In 1990, the Washington Community College Exceptional Faculty Awards Program was created. Through the program, \$25,000 in state funds may be matched with an equal amount of private donations. The state funds and private donations are placed in a local endowment fund created for each faculty award. Earnings on the money in the fund may be used for faculty development, to supplement the salary of the holder of the award, or to pay expenses associated with the holder's program area.

Until 1993, by statute, each participating community or technical college was required to receive the state matching money and to manage all money in the endowment fund. In 1993, legislation was enacted that permitted community and technical college foundations to participate in the program. Within specified limits, each college foundation was permitted to receive state matching money and manage the money in the endowment fund established for each award. The legislation did not include a provision permitting college

foundations to manage endowment funds that were already established by its college.

#### National Guard Conditional Scholarship Program

From 1979 to 1985, the National Guard Assistance Program operated in Washington. The program permitted enlisted members of the National Guard to receive grants of up to \$1,000 per year to cover reimbursable educational costs at accredited public or private colleges. The reimbursable costs included tuition, fees, books, institutional services, and laboratory supplies. Recipients were limited to 12 academic quarters or the equivalent. From 1979 to 1985, approximately \$200,000 per biennium was appropriated for the program.

Under the 1983 Sunset Act, the program was scheduled to be terminated on June 30, 1985. The Legislative Budget Committee (LBC) undertook a final program audit. The committee found that 27 states had tuition waivers or assistance for National Guard personnel. Two states provided education loans, eight states had selective scholarship programs, and six states provided educational assistance for dependents, usually under hardship conditions. Seven states did not have any program.

The final LBC program audit concluded that the effectiveness of the assistance program "cannot be readily demonstrated as required under the provisions of the Sunset Act," and that the continuation of the program was not warranted at that time. The LBC also commented that, "...if the Legislature decides to continue the program, it is additionally recommended that the program be targeted toward enhancing the manning of those National Guard units most likely to be utilized in the event of natural or man made disasters."

Legislation was introduced in 1985 to continue the assistance program. The legislation did not pass, and the program terminated on June 30, 1985.

Some members of the National Guard are eligible to participate in the Montgomery GI Bill Program. Eligibility criteria and educational benefits vary depending on the type and date of enlistment, and on the nature of the educational program. At the present time, members of the Active Guard Reserve are not eligible to participate in the Montgomery GI Bill Program. According to the information provided by the National Guard, about 300 members of the Washington National Guard have no education benefits.

#### **Summary of Bill:**

#### Domestic Student Exchange Program

A four-year college or university may enter into a student exchange agreement with any institution of higher education in another state. Through the agreement, each institution will agree to exchange students for one year, and to allow participating students to pay resident tuition rates.

#### Washington Scholars Program

The Washington Scholars Program will honor three graduating seniors residing in each legislative district. This replaces the requirement that the three scholars selected to represent each legislative district must be attending a high school located in that district.

#### Washington Community and Technical College Exceptional Faculty Awards Program

Under certain conditions, a community college or technical college may transfer money for exceptional faculty awards from its local endowment fund to its foundation's local endowment fund. The conditions: the money transferred must have been accumulated between July 1, 1991 and July 25, 1993; and the transfer must be approved by the college's governing board.

#### Washington State National Guard Conditional Scholarship Program

The Washington State National Guard Conditional Scholarship program is created. The program will be administered by the Office of the Adjutant General of the state Military Department. Through the program, members of the National Guard below the rank of major may receive conditional scholarships to attend an institution of higher education in Washington. The scholarship cannot exceed the annual cost of undergraduate tuition and fees at the University of Washington, plus an allowance for books and supplies. The student may attend any Washington public or private college or university accredited by the Northwest Association of Schools and Colleges. Participants must repay the scholarship, with interest, unless they serve in the national guard for one additional year for each year of scholarship received. The interest rate on any repayments will be eight percent.

Funding for the scholarships may come from state or federal funds, private donations, or repayments from participants who do not meet their service obligation. Program definitions and the powers and duties of the Adjutant General under this program are described. The

responsibilities of the Adjutant General in collecting and managing repayments are also described.

**Fiscal Note:** Available. New fiscal note requested for second substitute on February 9, 1994.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** (Higher Education) State government is entering an era of constrained resources. During this era, the challenge to colleges and universities: how to maintain quality and increase access to residents who need the education, credentials, training and retraining provided by state colleges and universities. The tools provided through this legislation will significantly enhance the ability of institutions to meet the challenge. It provides flexibility, decentralized management with accountability and gives the institutions the ability to adjust tuition levels if state funding is insufficient to fund programs and services. It provides incentives for saving state and student funds and provides a means for creating a reserve fund that may be used in fiscally lean times. It removes some of the bureaucratic restrictions that are used to micromanage institutions. It contains an ambitious funding goal and reaffirms the state's commitment to having one of the best higher education systems in the country.

(Appropriations) This bill provides the kind of flexibility in both management and funding of institutions that will be needed to face an era of limited resources but increasing demand for higher education. The Council of Presidents does not have a consensus position on this bill, but wants to go on record in conceptual agreement with the direction this bill takes in providing more management flexibility and placing important funding issues on the table for discussion. All of the institutions support the contracting out provision contained in this bill and do not support the contracting out language proposed by the Governor's Task Force on Civil Service Reform. All of the institutions support the provision allowing retention of savings in tuition accounts. Most of the four-year institutions support the change to local tuition rate setting authority, but The Evergreen State College does not.

**Testimony Against:** (Higher Education) Institutions should not contract for services that historically have been provided by public employees. The Legislature should be cautious about enacting this provision because this topic is under consideration in other bills before the Legislature. The level of tuition charged at public colleges and universities is an important element of the state's

education policy. The state's elected policymakers, the Legislature, should retain control over the formula that drives those tuition rates. Before the state departs from current tuition policies and permits institutions to charge program fees, more study is needed. Any new policy should protect a student's ability to plan for future tuition costs. Current laws governing bid limits for facility projects costing \$25,000 should remain unchanged (original bill). The role of the Higher Education Coordinating Board should remain unchanged (original bill).

(Appropriations) The Legislature should continue to determine the level of tuition at public institutions as they are elected policymakers and responsive to student constituents. The Governor's Task Force on Civil Service Reform proposed legislation that includes proposals on both contracting out and collective bargaining. The Legislature should consider these topics together, not separately as in this bill. If the institutions are given authority to raise tuition, this should be accompanied by sufficient notice to allow students to plan.

**Witnesses:** (Higher Education) Craig Cole, Western Washington University; Scott Morgan, State Board for Community & Technical Colleges; George Durrie, Eastern Washington University; Tom George, Washington State University; Wayne Clough, University of Washington; Tom Parker, Association of Individual Colleges & Universities; Mary Marcy, Central Washington University; Larry Richardson, Council of Faculty Representatives; Kelly Egan and Robert Edie, University of Washington; Duke Schaub, Associated General Contractors; Dick Ducharine, Utility Contractors Association (all pro); Gary Moore, Washington Federation of State Employees; Randy Parr, Washington State Council; Jennifer Jaech, The Evergreen State College; and Dan Steele and Heather Flodstrom, Washington Student Lobby (concerns).

(Appropriations) Terry Teale, Council of Presidents; Bob Edie, University of Washington; Al Froderberg, Western Washington University; Larry Ganders, Washington State University (all pro); Steve Lindstrom, Washington Student Lobby (concerns); Gary Moore, Washington Federation of State Employees; and Eugene St. John, Washington Public Employees Association (con, contracting out section).