

HOUSE BILL REPORT

HB 1743

As Reported by House Committee On:
Higher Education

Title: An act relating to tuition setting authority and the use of tuition in higher education.

Brief Description: Changing higher education tuition provisions.

Sponsors: Representative Kenney; by request of Governor Locke.

Brief History:

Committee Activity:

Higher Education: 2/14/01, 2/26/01 [DPS].

Brief Summary of Substitute Bill

- Gives limited tuition setting authority to governing boards of higher education institutions and to the State Board for Community and Technical Colleges.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Cox, Republican Co-Chair; Kenney, Democratic Co-Chair; Jarrett, Republican Vice Chair; Fromhold, Lantz and Skinner.

Minority Report: Do not pass. Signed by 2 members: Representative Gombosky, Democratic Vice Chair; and Dunn.

Staff: Marsha Reilly (786-7135).

Background:

Tuition and fees are comprised of four separate fees: operating fee, building fee, student and activities fee, and technology fee. The actual "tuition" referred to in statute consists of operating fees and building fees. Currently, 75 to 90 percent of tuition, depending on the different tuition sectors (i.e., resident, non-resident, graduate, undergraduate, etc.) is comprised of the operating fee which funds the instructional activities of the institution. The building fee, about 5 percent of tuition, is used for bond retirement and building projects.

From 1978 until 1995 the Legislature established in statute that tuition would be a percentage of the instructional costs at public colleges and universities. In 1995 the Legislature removed the direct link to cost of instruction and set forth in statute, dollar amounts for tuition at the public higher education institutions. The 1996 Legislature increased the statutory amounts for nonresident undergraduate tuition at the two research institutions. The Legislature intended that setting forth of dollar amounts would be a "transition measure until final action is taken in 1997."

However, the 1997 and the 1999 legislatures again set the tuition amounts in statute for each biennium, respectively. In the 1997-99 biennium, tuition increases were 4 percent per academic year for most categories of students. Exceptions were allowed for increases in three categories at the University of Washington (UW): 8.3 percent for nonresident undergraduates, 7.3 percent for resident law students, and 6.7 percent for nonresident law students. The UW was to use 10 percent of the revenue from the difference between the 4 percent increase and the actual increase to help needy resident undergraduate students and needy resident law students. Tuition rates were frozen after the 1997-99 biennium unless the Legislature adopts either different rates or an on-going policy for establishing tuition rates.

In 1999 the Legislature granted limited tuition setting authority to the governing boards for higher education institutions. The first year of the biennium, tuition could be raised up to 4.6 percent, and in the second year it could be raised up to 3.6 percent.

Tuition policy and financial aid have been closely linked since 1977. Statute has contained intent language linking increases in tuition to increases in the State Need Grant program. The Legislature has consistently honored the intent by adding to the financial aid base appropriation an amount equal to at least 24 percent of the estimated revenue received as a result of tuition increases.

Summary of Substitute Bill:

Limited tuition setting authority and flexibility is granted to the governing boards of each institution of higher education and to the state board for community and technical colleges.

Tuition may increase or decrease. Tuition may not be increased beyond the per capita personal income based on a three-year rolling average (4.9 percent and 3.9 percent, respectively, for academic years 2001-2002 and 2002-2003).

State general fund support will increase at the same percentage of increase as the per capita personal income based on a three-year rolling average. State funding of the state need grant will increase proportionately with tuition.

The governing boards and the state board may assess a surcharge, in addition to a tuition increase, for the 2001-2003 biennium only. Surcharges may be up to 2 percent each year, but will not be added into the tuition base. Institutions assessing a surcharge must cover increases in state need grants resulting from the surcharge.

Tuition increases and/or surcharges may vary by time-of-day, day-of-week, delivery method and campus, and student category.

Substitute Bill Compared to Original Bill:

The substitute bill changes the limitations from a tuition increase of no more than 10 percent per year or 40 percentage points over a consecutive six-year period, to no more than the percentage increase in per capita personal income based on a three-year rolling average. Tuition caps are applied to all student categories instead of just resident undergraduates. It also authorizes the governing boards to assess a surcharge of up to 2 percent each year, but only for the 2001-2003 biennium. The substitute bill removed language that allows tuition to vary by program and degree and instead allows for tuition to vary by student category.

The state support share for cost of instruction will increase at the rate of percentage increase in per capita personal income based on a three-year rolling average, and state support of state need grants will also increase to coincide with an increase in tuition.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Flexibility is a key concern and will allow the institutions to address internal needs as well as maintain high quality. There isn't the capability to adequately fund education through general fund state support given the current budget, therefore the governor's tuition proposal is a good way to maintain quality education and provide access. If you look at cumulative increases over any six-year span in the past, the increases in tuition are actually higher than the 40 percent proposed by the Governor.

(With concerns) Tuition should be tied to an economic indicator to better address a predictable and affordable education. The cost of education should not be balanced on the backs of students.

Testimony Against: The best form of financial aid is lower tuition, and lower, affordable tuition is the best way to increase access. In order to plan for higher education, there needs to be a long term policy of predictable and affordable tuition. Tuition has increased 92 percent since 1990 with a dramatic shift of burden to the student. We urge you to keep tuition setting authority with the Legislature as it is easier to access legislators than Board of Trustee or Board of Regents members. We ask that you not make education a value based decision where a student would pick a program based on the financial burden associated with it. Provide access to all students.

Testified: Theo Yu and Jim Crawford, Office of Financial Management; Scott Morgan, State Board for Community and Technical Colleges; Casey Stanley, University of Washington and Washington Student Lobby; and Terry Teale, Council of Presidents.

(In support) Dick Thompson and Dave Asher, University of Washington; and Terry Byington, American Electronic Association.

(With concerns) Bruce Botka, Higher Education Coordinating Board.

(Against) Clark Brunkow-Mather and Erin Smith, Washington Student Lobby; Sumeer Single, Washington Student Lobby and the University of Washington Graduate & Professional Students; and Kyle Boyd, Associated Students of the University of Washington.