

SENATE BILL REPORT

E2SSB 5770

As Passed Senate, March 7, 2002

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

Brief Description: Changing higher education tuition provisions.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Kohl-Welles, Jacobsen and Horn; by request of Governor Locke).

Brief History:

Committee Activity: Higher Education: 2/12/01, 2/27/01 [DPS-WM, DNPS].

Ways & Means: 2/26/02, 2/28/02 [DP2S].

Passed Senate: 3/7/02, 32-17.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5770 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Brown, Chair; Regala, Vice Chair; Fairley, Vice Chair; Fraser, Kline, Kohl-Welles, Poulsen, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

Staff: Karen Barrett (786-7711)

Background: 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 Legislature again set the tuition amounts in statute for a two-year period. During the 1997-99 biennium, tuition increases were 4 percent per academic year for most categories of students. Since the start of the 1999-01 biennium vis-a-vis the operating budget, institutional governing boards have had limited tuition setting authority up to maximum percentage increases established by the Legislature.

Summary of Bill: *Tuition Setting Authority.* On a time-limited basis, beginning with the 2002-03 academic year and ending with the 2007-08 academic year, the Legislature delegates tuition setting authority for all students except resident undergraduates to the governing boards of the respective public universities and colleges in Washington.

Tuition Levels. Should tuition change by action of governing boards, the rate of increase may exceed the fiscal growth factor under the terms of Initiative 601, not to exceed 10 percent a year for residents at the graduate level. An exception is made for the upcoming 2002-03 academic year wherein tuition fees for resident graduate business students may not increase more than 30 percent and for resident law students, may not increase more than 22 percent over current year rates.

- Reductions or increases in tuition need not apply uniformly across students.
- Tuition may vary by program, campus, course or student.
- Tuition may vary for factors including the time-of-day, the day-of-week, and delivery method to encourage full use of state educational facilities.

Consistent with current law, summer school remains a self-sustaining enterprise. Governing boards may set tuition and such fees for any student including resident undergraduates. However, rates adopted by institutions may not exceed the per credit charge annualized from the fall, winter and spring terms for such students. Intent language which requires no direct relationship between general fund reductions and tuition increases is eliminated.

Financial Aid Related to Tuition. Public universities must supplement financial aid for resident graduate, law and first professional degree students when and if such tuition fees increase at a faster rate than for resident undergraduates. An amount not less than 3.5 percent is earmarked for this purpose. This is required of universities only to the extent that additional tuition revenue is realized as described above. The bill stipulates that such a provision does not create an entitlement to financial aid for affected individuals. Technical colleges must deposit a minimum of 3.5 percent of operating fees into their local, financial aid accounts.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For (Ways & Means, 2002): The specialized nature of graduate and professional post-secondary education is deserving of a different approach to tuition that is market sensitive and can be customized by trustees of the state's universities. Such flexibility is warranted and would be used in measured ways to further the teaching and research missions by trustees of the state's universities. The Governor is encouraged by this years' legislative development and supports the tuition principles articulated in this bill. A change was suggested to permit the use of endowments for scholarship to meet the 3.5 percent requirement to aid those resident graduate and first professional degree students with demonstrated need.

Testimony Against (Ways & Means, 2002): Concern was expressed over the move to set a long term tuition policy during a budget crisis. Many university officials expressed a preference for a general fund reduction over a restriction of tuition waiver activity. It is viewed as a tool to assist students at a time when tuition rises quickly. Students prefer that lawmakers retain tuition setting authority, principally as elected officials are more accessible and accountable to the public for their decisions. Members were encouraged to re-examine

the move to repealing statements of intent regarding tuition and state General Fund appropriations to universities and colleges. The risk being that tuition will continue to backfill declining state support, and the cost of public post-secondary education will be disproportionately borne by students and their families.

Testified (Ways & Means, 2002): PRO: Theo Yu, Office of Financial Management; Dick Thompson and Harlan Patterson, UW; Jenni Kothavale, Associated MBA Students of the University of Washington.

PRO WITH CONCERNS: Edie Harding, The Evergreen State College; Ann Anderson, Central Washington University; George Durrie, Eastern Washington University; Jane Yung-Dennie, Washington State University and Nicholas Lovrich, WSU faculty member, Dick Ludwig, faculty member; University of Washington.

CON: Paul Vronsky, Associated Students of the University of Washington; Ryan McMichael and Stacey Valentin, Washington Student Lobby; Sumeer Singla, Graduate & Professional Student Senate, University of Washington.