

SENATE BILL REPORT

SB 5135

As Reported By Senate Committee On:
Higher Education, February 6, 2003
Ways & Means, March 6, 2003

Title: An act relating to increased tuition fees for excess credits taken at institutions of higher education.

Brief Description: Creating tuition surcharges.

Sponsors: Senators Carlson, West, Horn, Schmidt and Rossi.

Brief History:

Committee Activity: Higher Education: 1/27/03, 2/6/03 [DPS-WM].
Ways & Means: 2/17/03, 3/6/03 [DP2S, DNP].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 5135 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Carlson, Chair; Schmidt, Vice Chair; Horn and Mulliken.

Staff: Jean Six (786-7423)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5135 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Hale, Honeyford, Johnson, Parlette, Roach, Sheahan and Winsley.

Minority Report: Do not pass.

Signed by Senators Brown, Fairley, Fraser, Poulsen, Regala and B. Sheldon.

Staff: Karen Barrett (786-7711)

Background: Legislators nationwide have expressed concern about the increasing number of years it takes to complete a baccalaureate degree. Fiscal constraints and productivity/accountability demands have been the catalysts behind the search for alternatives to shorten the time to degree completion. One of the strategies, suggested by research, that might encourage students to earn only the number of credits required for a degree, is an excess-credit surcharge. Proponents of such a policy say that "lingering students are expensive to the state because they take so many courses and occupy spaces that other students need."

Generally, tuition is less than what the state spends to educate an undergraduate. Thus, a public subsidy exists and its value is tabulated annually for Washington by the Higher Education Coordinating Board. Subsidies vary but range on average from \$3,773 at two-year colleges to \$4,950 a year for those taking classes from a state research university to \$5,228 a year for those enrolled at a regional, comprehensive university to \$8,578 a year for an upper-division course from one of Washington's five research university branch campuses. Together with operation fees paid by enrolled students, these resources support the delivery of college-level instruction to citizens who participate.

Summary of Second Substitute Bill: Surcharges are levied against undergraduates attempting a baccalaureate degree who accumulate more than 125 percent of the credits required for that degree. Increased tuition is tied to what state institutions spent for instruction as disclosed by the Higher Education Coordinating Board for the prior academic year. The surcharge for excess credits is defined as follows:

- A **resident** pays tuition fees not less than the average instructional cost support, in general funds and operating fees per full-time equivalent (FTE) at the public institution where he or she is enrolled, thereby replacing a state subsidy.
- A **nonresident** is charged a tuition fee not less than twice the average instructional cost support, in general funds and operating fees per FTE at the public institution where he or she is enrolled, thereby providing resources to support his or her presence and that of another FTE student.

Schools would not count advanced college placement credits brought by an entering student.

The presumption is that higher tuition is appropriate once the subsidized-credit threshold (125 percent) is crossed unless the student can present evidence to his or her registrar that he or she falls into an exempt class of students. Exempt students are, as follows:

- Dislocated workers as defined in statute, or persons engaged in a training program under the purview of the Workforce Training and Education Coordinating Board;
- Certificated teachers pursuing continuing education credits to meet certification requirements;
- Border County Opportunity Project participants who take a limited number of credits at a state college or university at residential prices under law;
- Students who have been out of college and have not enrolled at an institution of higher education during the preceding five years.

Universities may also assess a one-time registrar's fee on enrolled undergraduates not to exceed \$75 to support the credit-tracking requirements of this act.

A waiver is allowed for students who believe they are under (1) unforeseen academic or personal circumstances, or were (2) unable to complete their baccalaureate degree program within the specified credits due to institutional constraints. Such students may petition the Higher Education Coordinating Board. The board assesses a \$100 fee to support the hearing

process, half of which is refunded to the petitioning student whose waiver appeal is favorably granted.

General fund state appropriations may not be reduced by the amount of operating fees collected for the excess credit provisions.

Second Substitute Bill Compared to Substitute Bill: A surcharge for excess credits attempted by community and technical college students is removed. The surcharge credit threshold increases from 120 percent to 125 percent based on a similar statutory limit for state need-based financial aid. Credits earned by former community college students count as do those earned at a private or an out-of-state higher education institution. An exemption for institutionally-established double degree programs is removed. Authority to assess a one-time per student registrar's fee is added. The jurisdiction for consideration of students' petitions for a special waiver moves from the institution where they are enrolled to the Higher Education Coordinating Board, and the fee to make such an appeal increases from \$50 to \$100, half of which is refundable.

Substitute Bill Compared to Original Bill: For community and technical college students, the threshold for imposing the surcharge moves from 120 percent to 150 percent, but remains at 120 percent for students in the baccalaureate institutions. "Cost of instruction" is defined. Beginning with the academic year 2003, all excess credits will be applied toward the surcharge limit. After at least a five-year absence from college enrollment, the student who returns is not subject to the surcharge. There is a \$50 administrative fee levied on the student for the appeal process, to be refunded if the appeal is successful. The institutions must waive tuition for a student when he or she is unable to enroll in a "bottle neck course" causing the student to miss a graduation or program requirement in a timely sequence toward graduation and degree completion.

Appropriation: None.

Fiscal Note: Available; an update for the second substitute requested on March 7, 2003.

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

Testimony For (Higher Education): The intent is to encourage students to be deliberate, thoughtful, and intentional as they work toward a degree. The emphasis is on "credits to degree" not "time to degree." Accountability and responsibility should fall on both the student and the institution.

Testimony Against (Higher Education): While this may be a way to increase capacity, be careful about unintended consequences. For students in the CTC system, there may be reasons for a higher threshold such as 150 percent. This would meet the needs of most students but especially people of color, recent immigrants, and first generation college students. The 120 percent threshold allows only four extra classes at a CTC but nine extra classes at a four-year institution.

Even though exceptions to policy and an appeal process are included in the bill, the new staff required to automate a tracking system would eat up any potential savings. Creation of any

new enrollment capacity would be minimal. There is minimal sympathy toward the intent, but it unfairly punishes a category of students.

Testified (Higher Education): PRO: Senator Don Carlson, prime sponsor; CON/CONCERNS: Loretta Sepannen, SBCTC; James McMahan, WSU, WSL; George Durrie, EWU; Larry Ganders, WSU.

Testimony For (Ways & Means): Policies are needed that encourage thoughtful progression of undergraduate students to complete their respective programs, especially considering the number of citizens expecting subsidized access to state universities and colleges in the years ahead. To balance the increase in price of attendance, it's important that public institutions be held accountable to students for timely offerings they need to complete their programs. The substitute addressed concerns originally expressed on behalf of a subset of community college students who are more likely to earn credits beyond 120 percent of required levels for reasons of language and subject proficiency.

Testimony Against (Ways & Means): This policy discourages well-rounded preparation of college graduates. There is no apparent provision for students with learning disabilities. Pricing to accelerate time-to-degree might backfire. Students could opt to declare double majors and thereby extend the subsidized access. Or students might be enticed to create schedule conflicts to garner free tuition. Caution was expressed. The expense at individual campuses might, due to number of undergraduates served, negate the benefit from adopting this policy statewide. It will cost something to monitor credit progress towards the fee threshold as well as staff to review appeals to waive the surcharge due to unique circumstances. Alternative policies might look to hold state universities more accountable for efficient progress towards graduation as now reported to and by the Higher Education Coordinating Board.

Testified (Ways & Means): Senator Don Carlson, prime sponsor (pro); Loretta Seppanen, State Board for Community and Technical Colleges (pro); Larry Ganders, Washington State University (concerns); Terry Teale, Council of Presidents (concerns); Judy McNickle, Western Washington University (concerns); Casey Stanley, UW College Republicans (con); Amanda Feutz, James McMahan, Washington Student Lobby (con).