

HOUSE BILL REPORT

HB 1986

As Reported by House Committee On:
Higher Education

Title: An act relating to reviewing and prioritizing tuition waivers.

Brief Description: Requiring a review of tuition waivers.

Sponsors: Representatives Roberts, Buri, Kenney, Cox and Morrell.

Brief History:

Committee Activity:

Higher Education: 2/22/05, 2/24/05 [DP].

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| <p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Directs the Higher Education Coordinating Board to review current tuition waivers and report to the Legislature regarding recommendations for consolidation, standardization, repeal, or other changes. |
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HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 10 members: Representatives Kenney, Chair; Sells, Vice Chair; Cox, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Buri, Fromhold, Hasegawa, Ormsby, Roberts and Sommers.

Minority Report: Do not pass. Signed by 2 members: Representatives Dunn and Jarrett.

Staff: Sydney Forrester (786-7120).

Background:

The Legislature grants higher education institutions permission to reduce all or a portion of tuition for certain types of students and for various purposes. For Fiscal Year 2004, institutions reported granting \$152.4 million in tuition waivers for 138,099 students.

When an institution grants a tuition waiver, the total tuition revenue collected by the institution is reduced, but for some waivers the state assumes that state general fund dollars in the institution's base budget make up for all or a portion of the lost tuition revenue. When tuition revenues were deposited in the general fund prior to 1993, it was in the state's interest to control the amount of tuition waived. Since 1994, institutions have retained tuition revenue as a local fund and now have an incentive to control the amount of tuition waived. With limited

exceptions, tuition waivers are "permissive" rather than mandatory. The Legislature authorizes but does not require institutions to grant waivers.

Current waiver authority can be divided into three broad categories:

State-supported waivers: Where the institution does not directly forego revenue because the state assumes that funding in the institution's budget makes up for all or a portion of the waived tuition. There is a statutory cap for each institution on the percentage of total tuition revenue that may be waived in this category. For Fiscal Year 2004, \$131 million was waived for 117,013 students. More than 25 different state-supported waivers are authorized in statute.

Discretionary waivers: Where an institution may waive the operating fee portion of tuition for any student for any reason. There is no cap, but foregone revenue has not been made up by the state. These sometimes are referred to as "West Waivers" named after Senator West who introduced the legislation creating them. For Fiscal Year 2004, \$21 million was waived for 21,086 students. Some institutions use this authority for merit-based waivers, program-specific waivers, and waivers for nonresident students.

Space-available waivers: Where waivers are granted to qualifying students only if the institution determines space is available. Students attending on a space-available waiver are not counted in the overall enrollment figures for state budgeting purposes so these waivers also are unsupported. Recipients of space-available waivers are: low-income or unemployed persons, senior citizens, permanent classified state employees, higher education faculty and staff of the institution, National Guard members, and veterans of the Korean Conflict.

Summary of Bill:

The Higher Education Coordinating Board (HECB) will review current tuition waiver authority granted to the state's intuitions of higher education. By December 1, 2005, the HECB will recommend to the Legislature priorities for waivers, including repeal, consolidation, standardization, or other changes to statutes.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This bill is rather simple and direct. The issue of waivers is one of the most complicated in higher education. There is a need for a comprehensive examination and review of waivers that will provide a clear status report with policy options for the Legislature. The HECB would be happy to do this work. The State Board for Community and Technical

Colleges (SBCTC) has done quite a bit of work in this area and we would continue to work with them.

The SBCTC supports this bill and we would be happy to work with the HECB. The SBCTC has recently spent a good deal of effort reviewing its waivers. Tuition waivers are not reimbursed. It's a quaint notion that the reimbursement money is actually in the base budgets of the institutions. In 1992, there was an amount in the institutions' budgets that was commensurate with the amount of tuition being waived at that time. As tuition has more than doubled over the last 12 years, if the institutions continue to waive the same percentage and for the same number of students as in 1992, this more than doubles the amount of money the institutions forego as a result of waivers because that 1992 amount was never indexed to tuition.

Testimony Against: None.

Persons Testifying: Representative Roberts, prime sponsor; and Bruce Botka, Higher Education Coordinating Board.

Persons Signed In To Testify But Not Testifying: None.