

HOUSE BILL REPORT

HB 1882

As Reported by House Committee On:

Higher Education
Appropriations

Title: An act relating to higher education costs.

Brief Description: Implementing Washington learns higher education recommendations.

Sponsors: Representatives Wallace, Moeller, Haigh, McDermott, Kagi, Roberts, O'Brien, Kenney, Hurst and Ormsby.

Brief History:

Committee Activity:

Higher Education: 2/8/07, 2/26/07 [DPS];

Appropriations: 3/19/07, 3/27/07 [DP2S(w/o sub HE)].

Brief Summary of Second Substitute Bill

- Implements Washington Learns tuition recommendations.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Wallace, Chair; Sells, Vice Chair; Hasegawa, McIntire, Roberts and Sommers.

Minority Report: Do not pass. Signed by 3 members: Representatives Anderson, Ranking Minority Member; Buri, Assistant Ranking Minority Member and Jarrett.

Staff: Jennifer Thornton (786-7111).

Background:

Legislation enacted in 2005 created a comprehensive education and finance study covering early learning, Kindergarten-12, and higher education. This effort, known as Washington Learns, was comprised of a steering committee chaired by the Governor and advisory committees for each education sector. The Washington Learns final report, a culmination of the 18-month study, was completed in November 2006.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

House Bill 1641 was requested by the Governor to implement the early learning, Kindergarten-12, and higher education recommendations of Washington Learns. House Bill 1882 includes five of the six higher education recommendations of the omnibus Washington Learns bill.

Summary of Substitute Bill:

Part 1. Statewide Tuition Policy: Tuition increases for resident students are capped at 7 percent per year between the 2007-08 academic year and the 2016-17 academic year. A state goal is adopted that total per-student funding levels (from state appropriations plus tuition and fees) are at least the 60 percentile of total per-student funding at similar institutions in the Global Challenge States. Without reducing enrollment levels below Fiscal Year 2007 budgeted levels, the Office of Financial Management will establish a funding trajectory to reach this goal for each four-year institution and the community and technical college system.

If, for any year, the level of instructional state support per full-time equivalent (FTE) student at a four-year institution does not equal or exceed the amount of the previous year's instructional state support adjusted for inflation, the tuition cap may be increased so it is sufficient to cover the amount not received through state appropriation. Upon reaching the state funding goal, this authority is suspended.

Part 2. Guaranteed Education Tuition (GET) Ready for Math and Science Scholarship: The program will be administered by a public-private partnership, with scholarships provided in the form of purchased GET units. Students who achieve level four on the math or science Washington State Assessment of Student Learning in grade 10 and enroll in qualified math and science-related programs at post-secondary institutions in Washington are eligible to apply. Students must also declare the intent to work in Washington for at least three years after college graduation in an occupation related to the field of study, and have a family income at or below 200 percent of the state median family income (MFI).

The maximum scholarship amount will equal tuition and mandatory fees at a public research university, and may not exceed 180 quarter credits or the semester equivalent. The award will vary based on the family income of the scholarship recipient. Repayment may be required for students who do not meet the work requirement after graduation.

Part 3. Implementing Postsecondary Opportunities: Students enrolled in "Opportunity Grant-eligible programs of study" will be eligible to receive funding for tuition and fees at the public community and technical college rate, plus \$1,000 per academic year for books, tools, and supplies (both are pro-rated if the credit load is less than full-time). The program will be phased in by income level. Funding is limited to 45 credits or the semester equivalent, or three years, whichever comes first.

Colleges will receive an enhancement of \$1,500 per FTE student enrolled in the Opportunity Grant Program whose income is below 200 percent of the federal poverty level.

The State Board for Community and Technical Colleges, in partnership with business, labor, and the Workforce Training and Education Coordinating Board, will identify high-demand training programs, and designate them as "Opportunity Grant-eligible programs of study." Community and technical colleges and local workforce development councils will partner to develop the Opportunity Partnership Program, which will provide mentoring to Opportunity Grant students.

Part 4. Expanding Eligibility for the State Need Grant Program: The minimum enrollment requirement for eligibility for the State Need Grant is changed from half-time to three credits. The enrollment requirement is also reduced from six to three credits for students to qualify for loans or locally administered financial aid programs from institutional financial aid funds.

Part 5. Financial Aid Access and Transparency: The Higher Education Coordinating Board (HECB) will review the types and amounts of need-based financial aid available to students, and the level of students' and parents' understanding about financial aid. Based on the results, the HECB will develop a proposal to simplify the delivery of aid, provide better access to information, and address system gaps. They will submit the proposal to the Legislature by December 2007.

Part 6. Student Transitions: The HECB, with the State Board for Community and Technical Colleges and the Council of Presidents, will convene a work group focused on transfer issues. The work group will recommend a workplan and timetable to improve transfer, including options for course and degree transfer, an expansion of baccalaureate degree options for associate of applied science technical degree graduates, and recommended strategies for improving student understanding of course transfer. The HECB will report on the recommendations to the Legislature annually, beginning January 2008.

Substitute Bill Compared to Original Bill:

An intent section focused on the importance of access to higher education is added.

The ability for a four-year institution to increase tuition above the 7 percent cap if the instructional state support per FTE does not equal or exceed the previous year's level adjusted for inflation is added.

The Washington Learns Scholarship program is removed.

The maximum income level of the GET Ready for Math and Science Scholarship recipients is increased from 125 percent MFI to 200 percent MFI. Award amounts are tied to income level.

At least eight private partners must be recruited to provide input into the development and administration of the Get Ready for Math and Science program.

A requirement that students enrolled less than half-time who receive the State Need Grant must matriculate into a program leading to a degree or certificate within one year for continued eligibility is added. Institutions are permitted to give an eligible student a

preliminary State Need Grant before the student has completed the Free Application for Federal Student Aid.

"Regional" is removed from the Opportunity Grants program. Students enrolled in private career schools and apprenticeship programs are eligible to participate. The maximum family income is changed from the state's MFI, to a phased-in level, where in phase one income must be at or below 200 percent of the federal poverty level, in phase two it must be at or below the state MFI, and in phase three there is no limit.

An enhancement to colleges of \$1,500 per FTE student enrolled in the program whose income is below 200 percent of the federal poverty level is included. A mentoring program for Opportunity Grant students is established.

A review and proposal by the HECB to simplify the delivery of aid, provide better access to information, and address system gaps is added.

A work group focused on transfer issues that will recommend a work plan and timetable to improve transfer issues is included.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill outlines the programs and policies supporting the goals of Washington Learns. Aside from being the right thing to do, it is an economic imperative. The state needs more people with more skills.

The Governor's tuition policy is a funding policy. The need is to increase funding, not just on the backs of students, but through a combination of tuition and state support. Total dollars per student are tied to the Global Challenge States, which were chosen for their position to compete globally. This is thoughtful and predictable. It creates a clear simple benchmark for funding. It is critical to look at appropriations, tuition, and financial aid together. The bill provides incentives to build an education pipeline by opening doors to more students by making institutions of higher education more affordable. This is a time to make intelligent education investments.

The bill's funding is designed to increase the quality of education. This bill does not give institutions of higher education tuition-setting authority, but it does ask that the Legislature not set it higher than the historical average. The tuition increase described roughly approximates the revenue earned through the GET program, which is encouraging. Predictability is important. Schools have all lost students due to tuition increases. The goal

and intent of the policy is encouraging. Institutions can plan based on the combination of tuition and funding.

The efforts to elevate math and science in this bill are appreciated. The state needs to address competencies and standards in math to be successful in the global economy. The State Need Grant change will benefit many students who need to go part-time for one reason or another. Expanding the State Need Grant and supporting the Opportunity Grant program will help expand access improving earnings and employment. The Washington Learns Scholarship is exciting and will provide opportunity for students in need.

(In support with concerns) The per-student funding increase is good; however, the increase in per-student funding might not translate into higher faculty salaries. It is missing the need to benchmark faculty salaries to Global Challenge States, which was a component of Washington Learns discussions. The GET Ready for Math and Science program might be difficult for The Evergreen State College given its interdisciplinary programs.

Benchmarking is difficult. Funding is based on a state's priorities and looks different between states. The State Board for Community and Technical Colleges would like to be part of any conversation on benchmarking. Without increased state support, Western Washington University needs as much tuition flexibility as possible. It has lowest dollars per students in the state, receiving 42 percent lower state support than peers in the Global Challenge States. A 7 percent increase on tuition will lead to doubled tuition in 10 years. Increases in tuition need to be tied to performance and benefits to students.

(Opposed) None.

Persons Testifying: (In support) Representative Wallace, prime sponsor; Debora Merle, Governor's Office; Steve Miller, League of Education Voters; Sara Singleton, United Faculty of Washington; Bill Grinstein; Terry Teale, Council of Presidents; Sherry Burkey, Western Washington University; Randy Hodgins, University of Washington; Ann Anderson, Central Washington University; Jennifer Wallace, The Evergreen State College; Larry Ganders, Washington State University; Madeleine Thompson, Workforce Training and Education Coordinating Board; and Deborah Frazier, State Board for Community and Technical Colleges.

(In support with concerns) Chris Reigelsperger, Washington Student Lobby; Ruth Windhover, Washington Education Association; and Sandra Schroeder, American Federation of Teachers Washington.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Higher Education. Signed by 29 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking

Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Cody, Ericks, Fromhold, Grant, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kretz, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist, P. Sullivan and Walsh.

Minority Report: Do not pass. Signed by 5 members: Representatives Conway, Darneille, Dunn, Kessler and Linville.

Staff: Debbie Driver (786-7143).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Higher Education:

Second Substitute House Bill 1882 removes the following three sections all of which are related to financial aid programs: Part 2 - the GET Ready for Math and Science scholarship program; Part 3 - Implementing Postsecondary Opportunities; and Part 4 - Expanding the State Need Grant. Each of the removed sections have passed the House floor as separate higher education bills.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Substitute House Bill 1882 includes a number of critical components that came out of the Washington Learns discussion, all of which are consistent with higher education needs in Washington. Most importantly, the bill provides links between tuition prices, state funding and competitive funding for state universities and colleges. The universities and colleges compete in a very competitive market place and this bill provides benchmarks with which the institutions can measure performance and compare funding levels to the global challenge states. The global challenge states were selected based on the new economy index, which ranked states based on a variety of economic indicators. When selecting the global challenge states, outcomes in higher education were considered first. It was found that community colleges in the state produce more Associate Degrees than in any of the other global challenge states, but Bachelor Degree production is sixth out of eight and Graduate Degree production is dead last. Next, Washington Learns looked at funding and found that Washington is near the bottom of the global challenge states in per-student funding at all institutions across the board.

The bill outlines policies and programs that support the overarching goal of Washington Learns which is to be competitive in global economies by having people educated at higher levels. Tuition policy in the bill sets a goal that total per-student funding, when combining tuition revenue and state support, at the public universities and colleges will be funded at the 60th percentile of similar institutions in the global challenge states. In addition, the tuition

policy in the bill retains tuition authority setting at the Legislature, but limits annual tuition increases to no more than 7 percent. Seven percent is the historical average over the last 20 years and is also the figure used by the Guaranteed Education Tuition (GET) program in actuarial assumptions. Thus to keep the GET program healthy, limiting tuition increases to 7 percent is important. The fundamental reason for the tuition policy is to provide predictability both to students and families regarding tuition levels and to institutions with regards to long-term funding so they can plan ahead.

The community and technical college system also supports the funding benchmarks within the bill as it is important to look at funding within the context of state support and tuition. When looking at benchmarks for the two-year college system, there is quite a variation nationwide on how two-year colleges are funded and how benchmarks are defined. It would be useful to work with the Legislature to identify appropriate benchmarks for the two-year system.

The student association supports this bill, particularly the financial aid components of the bill. Although the bill does not fully fund students in the State Need Grant program, additional money for less-than-part-time students is appreciated. Tuition unpredictability is a problem for students and this bill provides more predictability for students. Although it is clear that tuition will continue to increase, students would like to see some measurable student-centered outcomes to show exactly what we and the Legislature are getting for our money.

Thank you for the support for several pieces that have already passed out in other bills, however there is one scholarship program that was taken out of the bill. A much cheaper version of the Washington Learns scholarship will be coming to the House from the Senate and there is hope that the House will take another look at this scholarship program.

(With concerns) With regards to the GET Ready for Math and Science scholarship portion of the bill, section 206 requires the Office of the Superintendent of Public Instruction (OSPI) to notify students and families about the program, notify students that achieve level four on the Washington Assessment for Student Learning (WASL) about the scholarship, and then give the names and contact information of those students to a private non-profit entity. Notifying students and families will be a challenge to OSPI as all information related to families and students resides at the school level, not the state level. Also, sharing private information about the students to a private entity is a violation of student privacy and OSPI could not do this. However, on the House floor, the bill related to the GET Ready for Math and Science scholarship program was amended to address this situation. The OSPI would be happy to make similar changes to this bill.

Persons Testifying: (In support) Mark Emmert, University of Washington; Mary Alice Grobins, State Board of Community and Technical Colleges; Deb Merle, Office of the Governor; Camille Andersen, Washington Student Lobby; and Jeff Gombosky, Prosperity Partnership and Eastern Washington University.

(With concerns) Brian Jeffries, Office of the Superintendent of Public Instruction.

Persons Signed In To Testify But Not Testifying: None.