

SENATE BILL REPORT

SB 6562

As of January 22, 2010

Title: An act relating to tuition-setting authority at institutions of higher education.

Brief Description: Regarding tuition-setting authority at institutions of higher education.

Sponsors: Senators Kilmer, Tom, Delvin, Regala, Murray, Hargrove and King.

Brief History:

Committee Activity: Higher Education & Workforce Development: 1/20/10.

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Staff: Alicia Kinne (786-7784)

Background: Prior to fiscal year 1999, the Legislature set tuition through statute. Since FY 1999 the Legislature has given institutions of higher education limited tuition setting authority by permitting maximum percentage tuition increases annually. In academic years 2009-10 and 2010-11, the Legislature authorized institutions to increase tuition a maximum of 14 percent at four-year institutions of higher education and 7 percent at community and technical colleges. In academic year 2011-12 until academic year 2016-17, tuition and fees may increase no greater than 7 percent over the previous academic year in any institution of higher education.

Four-year institutions and community and technical schools are required to retain a minimum of 3.5 percent of operating fees for an institutional financial aid fund.

Summary of Bill: Beginning in the 2011-2012 academic year, the governing boards of the four-year institutions of higher education are authorized to set tuition and fees for resident undergraduate students subject to the following conditions:

- Average annual compounded rate of increase may not exceed 10 percent over 15 years or 14 percent in any one year.
- Average resident undergraduate tuition may not in any academic year exceed the 75th percentile of resident undergraduate tuition at similar public institutions in the global challenge states.
- Annual approval of a performance agreement by the Office of Financial Management (OFM) exists.

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.

Authority to increase or decrease tuition rates will be considered within the context of institutional performance agreements. By September 1, 2011, the four-year institutions of higher education will each negotiate a performance agreement with OFM. Performance contracts will be 10 years in duration and developed in consultation with the Higher Education Coordinating Board, students, faculty, and the governing boards of each institution of higher education. At a minimum, an individual institutional performance agreement will include:

- indicators measuring cost, quality, and timeliness of student progress toward degrees and certifications; and articulation between and within the K-12 and higher education systems;
- indicators measuring recruitment, retention, and success of students, faculty, and staff from underrepresented and diverse communities;
- benchmarks and goals for long term degree production, including in high-demand fields;
- level of state and tuition resources necessary to meet the performance outcomes, benchmarks, and goals including per-student funding goals.

Annual reports on progress are due to OFM for review and approval. Demonstration of satisfactory progress towards reaching performance goals is required for approval by OFM. Four-year institutions of higher education are required to retain a minimum of 4.5 percent of revenues collected from tuition and service and activities fees in an institutional financial aid fund.

Appropriation: None.

Fiscal Note: Requested on January 13, 2010.
[OFM requested ten-year cost projection pursuant to I-960]

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The state needs to ensure quality and affordability. Students and institutions need to be able to budget for tuition increases. Universities know their budgets and student markets better than the Legislature does. This bill helps stabilize the GET program by anticipating tuition changes. It provides sensible constraints to tuition increases and gives institutions the flexibility and predictability they need. This bill gives institutions the resources they need to maintain quality.

CON: The students oppose giving tuition setting authority to institutions and minimizing legislative oversight. The governing boards of institutions are made up of unelected officials who have no obligation to increased affordability or accountability in tuition setting.

OTHER: The Washington State Board for Community and Technical Colleges (SBCTC) is concerned about aid under a high tuition model being primarily directed to baccalaureate students because of increased cost of education. There is more to the issue than tuition; there

must be a relationship between state support, tuition, and financial aid. Flexibility in tuition setting is desirable but not at the expense of decreased state support.

Persons Testifying: PRO: Senator Kilmer, prime sponsor; Ann Smyth, Public School Employees; Rodolpho Arevalo, EWU; Mark Emmert, UW; Elson Floyd, WSU; Bruch Shepard, WWU; Jim Gaudino, CWU; Les Purce, Evergreen; Tom Luce, Executive Council for a Greater Tacoma; Bob Drewel, Puget Sound Regional Council; George Allen, Greater Seattle Chamber of Commerce; Deborah Knutsen, Educ. Dev. Center Snohomish Co.; Patti McKinnel Davis, WA Biotechnology and Biomedical Assoc.; Steve Mullin, WA Roundtable; Jim Fridley, UW Faculty; Leslie Goldstein, Executive Policy Office; David Schumacher, Boeing.

CON: Jono Hanks, Assoc. Students UW; Peter Sterr, Marcus Sweetser, Jordan Johnsten, Jamie Marine, Sam Shaddox, Richard Lum, Mike Bogatay, Steve Lindstrom, WA Student Assoc.; David Parsons, Int. Union, United Auto, Aerospace and Agric. Implement Workers of America- 4121; Spring Atkinson, Sierra Harris, WSU-Vancouver.

OTHER: Ann Daley, HECB; Denise Graham, SBCTC; Heather Cope, League of Education Voters; James McIntire, State Treasurer.