

SENATE BILL REPORT

SB 6562

As Reported by Senate Committee On:
Higher Education & Workforce Development, February 3, 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, 2/03/10
[DPS-WM].

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6562 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kilmer, Chair; Becker, Ranking Minority Member; Hewitt, Jacobsen, McAuliffe, Pflug, Shin, Stevens and Tom.

Staff: Alicia Kinne (786-7784)

Background: Prior to Fiscal Year (FY) 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 (Recommended Substitute): For academic years 2011-12 through 2017-18, the governing boards of the University of Washington (UW), Washington State

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University (WSU), and Western Washington University (WWU) are authorized to set tuition fees for resident undergraduate students subject to the following conditions:

- average annual compounded rate of increase may not exceed 9 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; and
- annual approval of a performance agreement by the Committee on Higher Education Performance.

The Committee on Higher Education Performance is composed of the chairs and ranking members of the Senate Higher Education and Workforce Development Committee, Senate Ways and Means Committee, House Higher Education Committee, and House Education Appropriations Committee. The Committee must negotiate a performance agreement which will be six years in duration and established by September 1, 2011, for the UW, WSU, and WWU. 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; and
- level of state and tuition resources necessary to meet the performance outcomes, benchmarks, and goals including per-student funding goals.

The UW, WSU, and WWU must waive full-time tuition fees for resident undergraduate students based on state median family income levels. Waivers of full-time tuition fees for resident undergraduate students are provided on a graduated scale based on state median family income and the institution's tuition fee rate. The waivers must be reduced by the amount of any state need grant and other scholarships, grants, and waivers. Such waivers are exempt from statutory tuition waiver limitations.

EFFECT OF CHANGES MADE BY HIGHER EDUCATION & WORKFORCE DEVELOPMENT COMMITTEE (Recommended Substitute): The UW, WSU, and WWU governing boards are authorized to set tuition rates. The average annual compounded rate of change of undergraduate tuition fees may not exceed 9 percent based on the previous 15 years, or 14 percent in any one year.

The Committee on Higher Education Performance is created and authorized to approve performance agreements. The performance agreement must be six years in duration. Annual adequate performance as determined by the committee is required to maintain tuition setting authority. The committee is composed of the chairs and ranking members of the Senate Higher Education and Workforce Development Committee, Senate Ways and Means Committee, House Higher Education Committee, and House Education Appropriations Committee.

The UW, WSU, and WWU must waive full-time tuition fees for resident undergraduate students based on family and state median family incomes. Waivers of full time tuition fees for resident undergraduate students are provided on a graduated scale in 4.5 percent increments based on state median family income and the institution's tuition fee rate. The waivers must be reduced by the amount of any state need grant, federal, state, and institutional scholarships, grants, and waivers. Such waivers are exempt from tuition waiver limitations.

Tuition fee setting authority remains the same as current law for Central Washington University, Eastern Washington University, the Evergreen State College, and the community and technical colleges.

Appropriation: None.

Fiscal Note: Preliminary Note Available.
[OFM requested ten-year cost projection pursuant to I-960]

Committee/Commission/Task Force Created: Yes.

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

Staff Summary of Public Testimony on Original Bill: 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.