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## Higher Education Committee

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### HB 1795

**Brief Description:** Enacting the higher education opportunity act.

**Sponsors:** Representatives Carlyle, Seaquist, Haler, Reykdal, Rolfes, Probst, Morris, Sells, Pedersen, Jacks, Hudgins, Maxwell and Frockt.

#### Brief Summary of Bill

- Authorizes public baccalaureate institutions to set tuition rates for all students for academic years 2011 through 2014.
- Retains tuition setting authority for community and technical colleges with the state Legislature though individual colleges may raise tuition up to the state cap if the State Board for Community and Technical Colleges does not raise up to the cap for the whole state.
- Directs public baccalaureate institutions to retain half of all tuition raised above 7 percent to support financial aid that mitigates tuition increases for middle class students with incomes up to 125 percent of the median family income.
- Requires a study to recommend a possible phase two of a Guaranteed Education Tuition program.
- Establishes data reporting requirements for public baccalaureate institutions in statute and repeals performance agreements.

**Hearing Date:** 2/9/11

**Staff:** Madeleine Thompson (786-7304).

#### **Background:**

Educational Attainment Goals and the Higher Education Task Force.

In 2008 the Legislature approved the 2008 Strategic Master Plan for Higher Education in Washington developed by the Higher Education Coordinating Board (HECB). The plan set

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targets for additional degree and certificate attainment totaling 31,800 additional certificates and degrees annually.

In 2010 the Governor appointed a Higher Education Task Force (Task Force), composed of Washington business and education leaders, to develop a plan to address the need for increasing the number of Washington residents with college degrees. The Task Force recommended to:

- increase college degrees including in high demand fields such as science, technology, engineering and math;
- provide universities with increased flexibility to set tuition based upon tuition levels in the Global Challenge States;
- expand financial assistance to low and middle income students through an endowment and tax incentive; and
- hold public universities accountable for graduating more students, and improving student transfer and awarding of academic credits.

Tuition Setting Authority.

**Table 1: Authorized Resident Undergraduate Increases.**

<b>Academic Year</b>	<b>Authorized Resident Undergraduate Increases</b>
1999-2000 - All public higher education institutions.	4.6%
2000-2001 - All public higher education institutions	3.6%
2001-02 - All public higher education institutions.	6.7%
2002-03	
Research	16.0%
Regional	14.0%
Community & Technical Colleges	12.0%
2003-04 - All public higher education institutions.	7.0%
2004-05 - All public higher education institutions.	7.0%
2005-06 & 2006-07	
Research	7.0%
Regional	6.0%
Community & Technical Colleges	5.0%
2007-08 & 2008-09	
Research	7.0%
Regional	5.0%
Community & Technical Colleges	2.0%
2009-2011	May exceed 7% for 09-11 only
Research and Regional Institutions	14%
Community & Technical Colleges	7%

Between 1999 and 2009 governing boards of each institution of higher education and the State Board for Community and Technical Colleges (SBCTC) were granted authority to increase tuition rates for resident undergraduate students within caps set by the Legislature in the budget act. Prior to 1999 the Legislature set tuition in statute as dollar amounts for each public institution. Between 1999 and 2009 tuition levels authorized by the Legislature varied (see table 1.)

Tuition amounts (or percentage increases) specified in statute have referred only to the "tuition" portion of tuition and fees. Public colleges and universities are authorized to assess additional fees such as services and activities fees and technology fees within statutory limits.

In 2009 the Legislature directed that increases in tuition for resident undergraduates may not exceed 7 percent per year, except in 2009-2011.

#### Guaranteed Education Tuition (GET) Program.

Most states have a form of a "529 Plan" operated by a state or educational institution designed to help families set aside funds for future college costs. They are named after Section 529 of the Internal Revenue Code which created these types of savings plans in 1996. Washington's Guaranteed Education Tuition (GET) Program was created in 1998 as Washington's prepaid college tuition program. The GET Program allows purchasers to buy tuition units at current prices for use at a later date. These funds are invested by the State Investment Board and the purchaser is guaranteed that one year's worth of units purchased now will be worth one year's worth of public university tuition in the future. One hundred GET units are equal to one year of resident undergraduate tuition and state-mandated fees at the most expensive public university in Washington.

#### Performance.

In July 2010 the National Governor's Association (NGA) released recommendations on the common higher education measures that states should collect and report publicly. The Task Force in Washington recommends adoption of the NGA metrics:

- outcome metrics: degrees awarded, graduation rates, transfer rates, and time and credits to degree, and;
- progress metrics: enrollment in remedial education, success in remedial education, success in first-year college courses, credit accumulation, retention rates, and course completion.

The Task Force also recommends developing a program to incentivize four-year public baccalaureate institutions to meet degree production, retention, and high demand degree targets. A limited financial incentive is provided for making measured progress. This is similar to the Student Achievement Initiative of the SBCTC adopted by the community and technical college system in Washington.

The Student Achievement Initiative is a performance funding system to incentivize colleges to employ strategies that promote student success. The SBCTC identified key academic benchmarks that students must meet to successfully complete degrees and certificates, known as Achievement Measures which are:

- building towards college level skills (basic skills gains, passing precollege writing or math);
- first year retention (earning 15 then 30 college level credits);
- completing college level math (passing math courses required for either technical or academic associate degrees); and
- completions (degrees, certificates, apprenticeship training).

Between the 2006-2007 baseline year and 2008-2009, the first performance year, the colleges served four percent more students but increased student achievement by 19 percent with the greatest gains occurring in all points.

For public baccalaureate institutions, legislation enacted in 2008 required the establishment of pilot performance agreements. The purpose is to develop a six-year plan that aligns higher education policy goals and desired outcomes with resources. Performance agreements may address a variety of elements including benchmarks and goals for long-term degree production, recruitment and retention, quality, timeliness of student progress, and costs, among others. Other accountability provisions include reporting data to the HECB and Office of Financial Management (OFM).

### **Summary of Bill:**

#### Tuition-Setting Authority.

Public baccalaureate institutions have the authority to set tuition rates for all students for academic years 2011 through 2014. Tuition for resident undergraduates at community and technical colleges will be set by the Legislature in the Appropriations Act. Individual community and technical colleges may charge up to the limit set if the SBCTC does not. The SBCTC retains the authority to set tuition rates for non-resident students, summer school, and self-supporting programs.

#### Mitigating the Effects of Tuition Increases.

Half of all tuition raised above 7 percent per year at public baccalaureate institutions must be used to support financial aid to mitigate the increases in tuition for middle class students with incomes up to 125 percent of the median family income. More stringent requirements are put in place for higher education institutions to inform students about tax credits available to them such as the American Opportunity Tax Credit and the Lifelong Learning tax credit and they are to report on methods used. The HECB is required to consider family size as part of the family contribution for students of the State Need Grant, and is also required to establish criteria for awards that are not solely based on "first come, first served."

#### Guaranteed Education Tuition.

The Committee on Advanced Tuition Payment are required to review tuition levels and recommend a possible "GET II."

#### Accountability.

The National Governors Association Complete to Compete Metrics are established in statute. All students, not just first-time freshman must be counted. The higher education institutions are required to post data on a website. The OFM and higher education institutions are to study duplicative, redundant and/or over burdensome reporting requirements and report back to the

Legislature with recommendations. Institutions are required to complete an action plan on their performance. Performance agreements are repealed.

**Appropriation:** None.

**Fiscal Note:** Requested on 2/3/2011.

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