

SENATE BILL REPORT

SB 6399

As of February 7, 2012

Title: An act relating to program fees at institutions of higher education.

Brief Description: Regarding program fees at institutions of higher education.

Sponsors: Senators Frockt, Tom and Shin.

Brief History:

Committee Activity: Higher Education & Workforce Development: 1/24/12, 2/01/12 [DPS-WM, w/oRec].

Ways & Means: 2/06/12.

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6399 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Tom, Chair; Shin, Vice Chair; Hill, Ranking Minority Member; Frockt and Kilmer.

Minority Report: That it be referred without recommendation.

Signed by Senators Baumgartner, Becker, Kastama and Stevens.

Staff: Kimberly Cushing (786-7421)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Maria Hovde (786-7710)

Background: Tuition fees consist of building fees and operating fees. Building fees are used to fund institutional construction equipment and maintenance costs. Operating fees include the fees, other than building fees, charged to all students registering at the state's colleges and universities. They do not include fees for short courses, self-supporting degree credit programs and courses, marine station work, experimental station work, correspondence or extension courses, individual instruction, student deposits or rentals, disciplinary and library fines; laboratory, gymnasium, health, technology, and student activity fees; or fees, charges,

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rentals, and other income derived from any or all revenue producing lands, buildings or facilities of the colleges or universities.

Beginning with the 2011-12 academic year, and continuing through the end of the 2014-15 academic year, governing boards of the state and regional universities, and The Evergreen State College, may reduce or increase full-time tuition fees for all students. Reductions or increases may be made for all or portions of an institution's programs, campuses, courses, or students. The State Board for Community and Technical Colleges (SBCTC) may pilot or institute differential tuition models.

The Guaranteed Education Tuition (GET) Program is Washington's 529 prepaid college tuition plan. The GET Program allows purchasers to pre-pay for tuition units that will be used at a later date. The state guarantees that 100 GET units will cover one year of resident undergraduate tuition and state-mandated fees at the most expensive Washington public university. GET units do not cover institutionally mandated fees that may be required at each individual school. The Higher Education Coordinating Board currently administers the GET Program, while the State Investment Board oversees its investments.

Summary of Bill (Recommended Substitute): The term operating fees does not include fees unique to specific programs of study. Fees unique to specific programs of study are defined as fees that are (1) not charged to all students and (2) charged to offset the increased cost of delivery relative to other costs.

The governing boards of the four-year institutions of higher education and the SBCTC must consult with existing student associations or organizations with undergraduate representatives before establishing, reducing, or increasing fees unique to specific programs of study and must offset fees with financial aid for those eligible. Financial aid sources may be tuition revenue or locally held funds, tuition waivers, or state or local financial aid programs. By August 15 of the year that fees are first implemented, and annually thereafter, the four-year institutions of higher education and the SBCTC must submit a report to the Governor and relevant legislative committees for programs that have implemented, increased, or reduced fees and the corresponding monetary value and the effect of fees.

For students other than resident undergraduates, full-time tuition fees may be reduced or increased for all or portions of an institution's programs, campuses, courses, or students. The SBCTC's authority to pilot differential tuition models is removed.

EFFECT OF CHANGES MADE BY HIGHER EDUCATION & WORKFORCE DEVELOPMENT COMMITTEE (Recommended Substitute): The governing boards of the four-year institutions of higher education and the SBCTC must consult with students before establishing, reducing, or increasing fees unique to specific programs of study and must offset fees with financial aid for those eligible. By August 15 of the year that fees are first implemented, and annually thereafter, the four-year institutions of higher education and the SBCTC must submit a report for programs that have implemented, increased, or reduced fees and corresponding monetary value and effect of fees. Fees unique to specific programs of study are defined. The SBCTC's authority to pilot differential tuition models is removed.

Appropriation: None.

Fiscal Note: Requested on January 31, 2012.
[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 on Original Bill (Higher Education & Workforce Development): PRO: This bill is important for the solvency of GET program, which is \$700 million in the hole, and will need a state infusion if we're not careful. We were approached by the State Actuary over the summer to look for a fix for GET. This bill is the solution to balancing solvency in the GET program with differential tuition. Under the bill there is no change in payout to existing purchasers. GET will continue to be a guarantee. This is a consequence of a major tuition policy change made last year. Differential tuition allows different programs to be closer to actual price and could help maintain the quality of programs. There will be a large impact on GET if no there are no differential fees because then costs rise everywhere.

CON: We are concerned that the bill is authorizing course fees to operate as tuition without protections. GET won't cover differential tuition, and we are concerned that differential tuition will grow to a point where it is 20 to 30 percent more than tuition. Students are not opposed to differential tuition, as long as it is not within the framework of course fees. It is easier for the university to set course fees than to set tuition. Students aren't able to deliberate regarding course fees because there are no metrics for input. We need accountability and transparency for course fees.

Persons Testifying (Higher Education & Workforce Development): PRO: Senator Frockt, prime sponsor; Margaret Shepherd, University of Washington (UW); Chris Mulick, WA State University; Done Bennett, HECB/GET.

CON: Andrew Lewis, Michelle Nance, Sarah Round, Associated Students of UW.

Staff Summary of Public Testimony on Substitute (Ways & Means): PRO: The current policy of the GET program is to fund tuition and fees that apply to all students. This bill clarifies that differential pricing does not apply to all students, but rather a subset of students and, as a result, does not have an impact on the GET program. We are open to any changes in language that will increase and enhance the safety net for our students. Charging differential rates will help institutions to maintain the high-cost degree programs. This bill will allow us to give effect to the existing differential rate policy without any impacts to the GET program.

CON: The community and technical colleges cannot afford to mitigate fees for those who are eligible, since we were not given unlimited tuition setting authority. We only ask that we be taken out of the bill.

OTHER: Tuition covers costs of instruction and is set by the Board of Regents and is subject to the oversight of students and the state of Washington; course fees are not subject by state mandate to the same type of oversight. Tuition is covered by GET credits and the State Need

Grant; course fees are not. The State Need Grant program is already not serving more than 20,000 students, and the substitute bill places additional demand on these funds.

Persons Testifying (Ways & Means): PRO: Margaret Shepherd, University of WA; Chris Mulick, WA State University.

CON: Deb Merle, State Board for Community and Technical Colleges.

OTHER: Andrew Lewis, Associated Students of the University of WA.