

HOUSE BILL REPORT

HB 1624

As Reported by House Committee On: Higher Education

Title: An act relating to restricting tuition increases for resident undergraduate students at four-year institutions of higher education.

Brief Description: Restricting tuition increases for resident undergraduate students at four-year institutions of higher education.

Sponsors: Representatives Pollet, Haler, Seaquist, Walsh, Zeiger, Goodman, Farrell, Sells, Upthegrove, Fitzgibbon, Roberts, Kirby, Fey, Freeman, Ryu and Magendanz.

Brief History:

Committee Activity:

Higher Education: 2/6/13, 2/20/13 [DPS].

Brief Summary of Substitute Bill

- Expresses the legislative intent to set a long term goal to make higher education accessible and affordable, referred to as Education Opportunity Funding, so that state funding is at least 50 percent of spending relative to tuition.
- Recognizes that for tuition to be affordable it should not exceed 10 percent of the median family income.
- Adds requirements to current performance plans to communicate the connection between tuition revenue, state funding, and expenditures to implement priorities and meet higher education goals.
- Creates a Higher Education Funding Formula Legislative Task Force to develop and recommend a funding formula for public institutions of higher education that is based significantly on institutional performance and student outcomes, and report by December 1, 2013 .

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass.
Signed by 13 members: Representatives Seaquist, Chair; Pollet, Vice Chair; Haler, Ranking

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.

Minority Member; Zeiger, Assistant Ranking Minority Member; Fagan, Hansen, Hargrove, Johnson, Magendanz, Riccelli, Smith, Tarleton and Walsh.

Minority Report: Do not pass. Signed by 3 members: Representatives Reykdal, Sawyer and Scott.

Staff: Madeleine Thompson (786-7304).

Background:

Prior to 1999 tuition was set in statute as dollar amounts for each public institution. Between 1999 and 2011, 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 state operating budget.

Legislation enacted in 2011 granted the governing boards of the public baccalaureate institutions tuition-setting authority for resident, undergraduate students through the 2018-19 academic year and institutions retained tuition-setting authority for nonresident students, summer programs, graduate and professional programs, and continuing education programs. Beginning in the 2015-16 through 2018-19 academic years the public baccalaureate institutions are granted tuition-setting authority within limits based on a state funding baseline year and funding for similar higher education institutions in the Global Challenge States. In 2019 tuition-setting authority reverts to the Legislature.

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.

Under state statute, the SBCTC sets tuition on behalf of the community and technical colleges within caps provided by the Legislature.

Between the 2008-09 academic year and the 2012-13 academic year tuition has increased as follows:

- University of Washington: \$5,842 to \$11,305, or 94 percent;
- Washington State University: \$6,218 to \$10,874, or 75 percent;
- Central Washington University: \$4,294 to \$7,245, or 69 percent;
- Eastern Washington University: \$4,215 to \$6,745, or 60 percent;
- The Evergreen State College: \$4,298 to \$7,258, or 69 percent;
- Western Washington University: \$4,290 to \$7,503, or 75 percent; and
- Community and technical colleges: \$2,457 to \$3,590, or 46 percent.

Summary of Substitute Bill:

A legislative intent is expressed to set a long-term goal to make higher education accessible and affordable so that state funding is at least 50 percent of spending relative to tuition. This

goal is referred to as Education Opportunity Funding. The legislative recognition is expressed that for tuition to be affordable it should not exceed 10 percent of the median family income.

Requirements are added to performance plans negotiated between the public baccalaureate institutions and the Office of Financial Management (OFM) to communicate the connection between tuition revenue, state funding, and expenditures. Performance plans describe how additional funding from tuition, state appropriations, endowments, and federal and private grants will be used to implement prioritized strategies and meet goals. Prioritized strategies and measurable goals must be based on the performance metrics reported for the Data Dashboard, managed by the OFM, and address the following:

- increasing enrollment and graduation to improve economic vitality;
- increasing opportunities for low-income and under-represented students;
- expanding innovative educational strategies;
- retaining and recruiting world class faculty, graduate students, and staff; and
- improving integration with public high schools, community and technical colleges, and employers.

For the purpose of helping to restrict tuition increases and realize the goals of higher education affordability, a Higher Education Funding Formula Legislative Task Force (Task Force) is established. The membership of the Task Force is as follows:

- The President of the Senate must appoint three members from each of the two largest caucuses of the Senate. One member from each caucus must be a member of the Higher Education Committee and one member must be a member from the Ways and Means Committee.
- The Speaker of the House of Representatives (House) must appoint three members from each of the two largest caucuses of the House. One member from each caucus must be a member of the Higher Education Committee and one member must be a member from the Appropriations Committee.
- Task Force members from the Senate and the House must select co-chairs, one of whom is from the largest caucus in the House and one of whom is from the largest caucus in the Senate.
- The Governor must appoint six nonvoting members to inform the deliberations of the Task Force as follows:
 - one member representing the OFM;
 - one member from the Washington Student Achievement Council representing students;
 - one member from the Washington Student Achievement Council representing public baccalaureate institutions;
 - one member from the Washington Student Achievement Council representing community and technical colleges;
 - one member from the Washington Student Achievement Council chosen from one of the citizen members; and
 - one member representing an association of college faculty.

The primary duty of the Task Force is to develop and recommend to the Legislature a funding formula for public institutions of higher education that is based significantly on, or exclusively on institutional performance and student outcomes. For the purposes of this Task

Force, "based in significant part" means greater than or equal to 15 percent of state appropriations. In making recommendations, the Task Force must:

- explicitly identify the link between system goals, performance metrics which includes those metrics specified in performance plans and student outcomes based on data as required for the Data Dashboard and state appropriations and tuition levels, and tuition affordability;
- examine a continuum of other state funding and tuition models, including a state with a funding formula based exclusively on enrollment and a state with a funding formula based exclusively on outcomes and institutional performance;
- examine the differential cost of providing degrees and program offerings in high employer demand programs of study and demand in low employer demand programs of study, and a formula that provides a level of state support commensurate with the relatively higher or lower costs of these programs;
- be sensitive to the unique needs, challenges, strengths, and institutional missions of the state's institutions of higher education;
- consider a mechanism to reduce excessive short-term volatility of funding;
- evaluate metrics developed in the performance plans negotiated for the public baccalaureate institutions and the metrics reported for the Data Dashboard and the Student Achievement Initiative of the community and technical college system for potential use in a recommended funding formula;
- consider the most appropriate way to integrate workforce data into a higher education funding formula, including job placement rates, average starting salary, and other labor market data; and
- identify data reporting gaps that, if filled, could lead to an improved funding formula.

The Task Force is prohibited from recommending a funding formula where institutions are allocated an amount of state support based on historical practice. The Task Force must meet at least three times at higher education institutions in geographically diverse regions of the state. Staff support for the Task Force must be provided jointly by Senate Committee Services and the Office of Program Research. The Task Force must report to the Governor and the Higher Education and fiscal committees of the Legislature by December 1, 2013.

Substitute Bill Compared to Original Bill:

The restrictions that would require institutions to set tuition no higher than inflation increases are removed. Requirements are added to current performance plans to communicate the connection between tuition revenue, state funding and expenditures, and to implement priorities and meet higher education goals. A Higher Education Funding Formula Legislative Task Force is created.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

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

Staff Summary of Public Testimony:

(In support) Through no fault of the institutions, the state has been losing ground on creating access and opportunity in higher education because of the state's budget crisis and the Great Recession. Our state does not have a goal for affordable tuition. The short-term goal should be that the statute supports at least 50 percent of the cost and tuition is 50 percent. In the long term tuition should be no greater than 10 percent of the median family income. Tuition is now over 20 percent. Community and technical college tuition is now where university tuition was less than a decade ago and this is not sustainable. Two-thirds of jobs will require some form of postsecondary education. This is an educational opportunity act. This proposal is consistent with a tuition plan laid out by a university earlier this year. The decision to go into debt is not one students take lightly. Graduate and professional students should be considered as their debt has risen sharply. The price of tuition is something that needs to be addressed.

(With concerns) Over the past few years legislation made changes to tuition policy, accountability performance, and expanded student aid. These policies are currently being implemented. The current tuition policy is adaptable to the changing funding environment and the different educational missions. There is concern that this proposal suspends or revokes the tuition-setting policy. Goals have been put in statute, but without state funding these goals cannot be realized. The tuition authority provided to the institutions in 2011 provided the flexibility to plan ahead for how many students can be served and the tuition parameters. There have been 12 decision points over the last two years where institutions could have increased tuition above the levels assumed by the Legislature and only one institution has done that and for only one year.

(Opposed) Only one side of the equation is represented in this bill. By putting a cap on one part of the revenue stream for education and without a link to the revenue from state appropriations, the marriage is effectively broken. There is hard work at our institutions to keep providing higher education, but the classroom is under stress, and students are also expecting excellence.

Persons Testifying: (In support) Representative Pollet, prime sponsor; Tristan Hanon, Associated Students of Washington State University; Miles Fernandez, Associated Students of University of Washington; and Melanie Mayock, University of Washington Graduate and Professional Student Senate.

(With concerns) Margaret Shepherd, University of Washington; Ann Anderson, Central Washington University; and Paul Francis, Council of Presidents.

(Opposed) Ralph Murphy, The Evergreen State College.

Persons Signed In To Testify But Not Testifying: Jim Fridley, University of Washington; Molly Smith, Adison Richards, and Angie Weiss, Associated Students of the University of Washington; and Paige Witherow.