

# HOUSE BILL REPORT

## HB 1669

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### As Reported by House Committee On: Higher Education

**Title:** An act relating to self-supporting, fee-based programs at four-year institutions of higher education.

**Brief Description:** Concerning self-supporting, fee-based programs at four-year institutions of higher education.

**Sponsors:** Representatives Pollet, Haler, Cody, Tarleton, Johnson, Seaquist, Farrell, Magendanz, Riccelli and Ryu.

#### **Brief History:**

##### **Committee Activity:**

Higher Education: 2/12/13, 2/21/13 [DPS].

#### **Brief Summary of Substitute Bill**

- Requires public baccalaureate institutions to provide notification to students prior to changing a degree program that is supported by state funding to a self-supporting, fee-based program.
- Requires the establishment or designation of a committee to evaluate a proposed shift from a state-funded degree program to a self-supporting, fee-based program and outlines criteria for possible consideration.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Seaquist, Chair; Pollet, Vice Chair; Haler, Ranking Minority Member; Zeiger, Assistant Ranking Minority Member; Fagan, Hansen, Hargrove, Johnson, Magendanz, Pedersen, Reykdal, Riccelli, Sawyer, Scott, Sells, Smith, Tarleton and Walsh.

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

#### **Background:**

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*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.*

Public baccalaureate institutions in Washington offer a variety of fee-based programs that are self-supporting, and are not funded through state funding. These programs are primarily aimed at students who would benefit from alternative delivery options such as evenings and weekends, and via distance learning. Self-supporting, fee-based programs range from the certificate level to doctorate level programs, and are offered in a variety of disciplines.

At the University of Washington, for example, self-supporting programs are managed by the Educational Outreach program. For the 2011-2012 academic year the university's provost permitted certain degree programs to be created or transferred to the Educational Outreach program, only if they: (1) were offered in an alternative format from an existing campus-based, daytime, full-time degree program; (2) served primarily non-traditionally-aged students in undergraduate programs, professionals in masters-level programs, part-time students, or international students; or (3) were new interdisciplinary programs that did not align well with exiting academic units. In 2012 the University of Washington placed a moratorium on transferring state-supported programs to fee-based, self-supporting programs. That moratorium is in place until July 1, 2015.

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### **Summary of Substitute Bill:**

When a decision is being considered to change a degree program that is supported by state funding to a self-supporting, fee-based program, a public baccalaureate institution must:

- publicly notify prospective students, including notification in admission offers with an estimate of tuition and fees;
- provide at least six months notification to enrolled students and undergraduate or graduate student government associations; and
- allow students currently enrolled in the program that is changing to a self-supporting program to continue in the state-supported program structure for a consecutive amount of time no greater than four years in length.

Each public baccalaureate institution is required to establish or designate a committee (Committee) comprising administrators, faculty, and students to evaluate a proposed shift from a state-funded degree program to a self-supporting, fee-based program. When establishing evaluation criteria, the Committee must consider including the following:

- the financial health and sustainability of the program;
- if moving the program to a self-supporting funding basis alters the availability of student financial aid;
- the audience for the program, the format of the program, and the institutional priority for state funding of the program;
- demographics of students served and graduates practicing in typical fields of study; and
- alternatives to shifting to a self-supporting funding basis including raising tuition within the state-funded context or program elimination.

The Committee may also establish a process to periodically evaluate programs that have shifted from a state-supported program to a fee-based funding model for alignment with criteria established.

## **Substitute Bill Compared to Original Bill:**

The substitute bill directs provisions to apply to existing state funded degree programs that are being considered for change to self-supporting programs, and no longer applies to the establishment of new self-supporting, fee-based degree programs. The administration of the higher education institutions, rather than the governing boards, are required to notify students and establish a committee to evaluate the shift of a degree program to a self-supporting program. The institution must publicly notify prospective students including notification in admission offers with an estimate of tuition and fees. The institution must allow students currently enrolled in the program that is changing to a self-supporting program to continue in the state-supported program structure for a consecutive amount of time no greater than four years in length.

The institution may either establish a new committee or designate an existing committee, with the requisite composition of members, to create evaluation criteria for proposed shifts from state-supported programs to self-supporting programs. Criteria for the Committee to consider are included as part of their evaluation rather than requiring the committee to consider certain criteria, and the criteria are replaced with other criteria for possible consideration.

The Committee is permitted to establish a process to periodically evaluate programs that have shifted from a state-supported program to a fee-based funding model for alignment with criteria established, rather than requiring periodical evaluation.

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**Appropriation:** None.

**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) Some degree programs that are a requirement for entry into the field of public service occupations and other occupations that are important for the state, are not supported by state funding and are self-supported through fees. Not providing notice to students on large changes in fees is harmful to the students and to the ability of the state to meet needs of the workforce. When you move a program from state support, students usually become ineligible for a variety of financial aid programs. All the problems related to increased tuition are exacerbated by the moving of programs to fee-based programs. It is currently difficult for students to assess what kinds of fees they will have to pay for self-supported programs. Students have been informed, after being admitted to programs, and after rejecting offers from other schools, that their program would be moving to a fee-based program and have faced more than double the amount of costs they were expecting without the financial aid available. It is reasonable for students to expect some type of notification of the process to change a program to a fee-based program. There is an urgent need to seriously

consider the rising debt that students are facing, while raising kids and dealing with other parts of their life. Our institutions would have benefited from the provisions in this statute before moving certain programs to a fee-based program.

(Opposed) Self-support programs enable an institution to respond to the needs of the community. The institution does due diligence considering pricing and design, and an effort is made to make programs as affordable as possible. There is consultation with the existing governance committee, so a new committee is redundant. Fee-based programs are programs that usually would not exist if they were not fee-based, such as the Masters in Business Administration. There is appreciation of the flexibility under current statute to provide these fee-based programs. The institution is sometimes faced with the choice of either transitioning a certain program to a fee-based structure or eliminating the program entirely. The institution has established criteria, and students have at least four months of notification. Transitions to fee-based programs are not taken lightly and are not widespread. The required criteria imply a pre-determined outcome and lack an assessment of budget constraints. The bill should adopt and not duplicate the existing structure.

**Persons Testifying:** (In support) Representative Pollet, prime sponsor; Melanie Mayock and Michelle Dillon, University of Washington Graduate and Professional Student Senate; and Angie Weiss, Washington Student Association.

(Opposed) Sherry Burkey, Western Washington University; Chris Mulick, Washington State University; and Margaret Shepherd, University of Washington.

**Persons Signed In To Testify But Not Testifying:** None.