

HOUSE BILL REPORT

HB 1725

As Reported by House Committee On:
Higher Education

Title: An act relating to creating the tuition support fund program.

Brief Description: Creating the tuition support fund program.

Sponsors: Representatives Tarleton, Haler, Pollet, Haigh, Wylie, Roberts, Farrell, Riccelli, Sawyer, Fitzgibbon, Sells, Ryu, Zeiger and Tharinger.

Brief History:

Committee Activity:

Higher Education: 2/14/13, 2/20/13 [DPS].

Brief Summary of Substitute Bill

- Recognizes that affordability of all higher education programs has decreased and declares the intention to create greater affordability and predictability for students enrolling in postsecondary programs.
- Declares the intention to engage the employer and foundation communities to offer tuition support and partner in the postsecondary needs of the future workforce and a prosperous economy.
- Establishes the tuition support fund program to be known as the Tuition Assistance Program for Washingtonians' Education or the Tuition Assistance Program (TAP).
- Directs that the purpose of TAP is to provide financial support to students, to be administered by the Office of Student Financial Assistance.
- Provides that TAP awards are disbursed as grants of Guaranteed Education Tuition units.
- Creates the Tuition Assistance Program Account in the custody of the State Treasurer.

HOUSE COMMITTEE ON HIGHER EDUCATION

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.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Seaquist, Chair; Pollet, Vice Chair; Haler, Ranking Minority Member; Zeiger, Assistant Ranking Minority Member; Hansen, Pedersen, Reykdal, Riccelli, Sawyer, Sells and Tarleton.

Minority Report: Do not pass. Signed by 7 members: Representatives Fagan, Hargrove, Johnson, Magendanz, Scott, Smith and Walsh.

Staff: Madeleine Thompson (786-7304).

Background:

Tuition and Fees at Public Institutions of Higher Education.

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. 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. Under state statute, the State Board for Community and Technical Colleges 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.

In addition to tuition, public colleges and universities are authorized to assess additional fees, such as services and activities fees and technology fees within statutory limits.

Guaranteed Education Tuition Program.

Washington's Advanced College Tuition Payment Program, known as the 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.

The GET Ready for Math and Science Scholarship.

The GET Ready for Math and Science Scholarship program, established in 2007 legislation, purchased GET units on behalf of scholarship recipients. These GET units were purchased

by the former Higher Education Coordinating Board (Board) and held in trust for future selected scholarship recipients. These need-based, conditional scholarships provided high school students who excelled in math and science with an incentive to major in those subjects while in college. In exchange, scholarship recipients committed to work in a math or science occupation in Washington for three years after completing their baccalaureate degree. The program was funded through state appropriations matched by an equal amount of private contributions. The College Success Foundation (CSF) was the nonprofit partner, as well as the entity responsible for raising the private match. In 2007-08 approximately \$1.25 million in private contributions were matched by an equal amount of state monies. The Board purchased GET units, which funded the scholarships and the first payments were made in Fall 2010. The program was not funded in the state biennial budgets for 2009-11 or 2011-13.

Summary of Substitute Bill:

Intent.

The Legislature recognizes that affordability of all higher education programs has decreased due to increases in tuition and is the major barrier to access. The intention of the Legislature to create greater affordability and predictability for students enrolling in postsecondary programs to reduce the burden of tuition increases is declared. The Legislature recognizes the success of programs such as the Advanced Tuition Payment program and the State Need Grant for middle-income and low-income students and families, and declares the intent to build on that success. The intention to engage the employer and foundation communities to offer tuition support and partner in the postsecondary needs of the future workforce and a prosperous economy is declared.

The Tuition Assistance Program.

A tuition support fund program is established and is to be known as the Tuition Assistance Program for Washingtonians' Education or the Tuition Assistance Program (TAP). The purpose of the program is to provide financial support to students who, due to lack of financial means, cannot afford to enroll in, or continue their postsecondary program. Students may receive TAP awards if enrolled in a qualified program and can demonstrate financial need, or a risk of withdrawal due to lack of financial means as determined by the institution of higher education. Qualified programs are postsecondary programs that include certificates, degrees, college preparatory programs and apprenticeships at both public and private institutions.

The Office of Student Assistance (Office) within the Student Achievement Council is the program administrator. The Office must:

- create rules for the administration of the program;
- contract with a nonprofit 501(c) entity to be the "Fund Administrator" and solicit funds from employers and foundations to support the program; and
- purchase and hold the GET units in trust for recipients of TAP awards.

The GET units must not be disbursed before the the payout value exceeds the purchase value to ensure the purchaser does not lose value.

Tuitions Assistance Program Account.

The Tuition Support Fund Account is created in the custody of the State Treasurer. Twenty percent of contributions to the Account must be held in the account to accrue interest, 40 percent of funds in the Account must be directed to awards of grants, and 40 percent of the funds must be directed for the award of GET units. With the exception of operating costs, the Account must retain investment earnings.

Substitute Bill Compared to Original Bill:

The substitute bill directs that the program must be known as the "Tuition Assistance Program for Washingtonians' Education" or the "Tuition Assistance Program". The requirement that awards must be provided either as grants or GET units is removed to clarify that payments are made directly to institutions of higher education on behalf of award recipients. The requirement that financial need must be the same as computed for the state need grant is removed and replaced with a requirement that an eligible student must demonstrate financial need based on family contribution or demonstration of risk of withdrawal due to lack of financial means as determined by the higher education institution. It is required that a student who receives a TAP award must be attending an eligible institution of higher education and eligibility of institutions is determined based on eligibility of the institution for the State Need Grant. The GET units for TAP must not be disbursed before the payout value exceeds the purchase value. The substitute bill changes the name of the account from the Tuition Support Fund Account to the Tuition Assistance Program Account.

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) This proposal is for those students who need support to pursue their dreams, and finish what they started. The GET Program has helped to create equal access to opportunity for the middle class, however, not all students have someone looking down the road for them, buying them GET credits. This expands the pool of GET buyers, and people who benefit from GET and gives private employers and foundations a chance to take a stake in the future of Washington's workers. This is important for debt-averse students. Higher education is not just for 18-year-olds, it for lifelong learning and this proposal opens doors to postsecondary education for students of any age for any program. This will help to save GET by expanding those who can be GET purchasers. This program would be another tool to help students that are cobbling together different types of aid. It is a safety net that will help students who are both low income and those who are not low income but need help to get over financial hurdles. This proposal represents an innovative approach to providing funds to the GET Program and to further support the sustainability of that program.

(Opposed) None.

Persons Testifying: Angie Weiss and Tristan Hanon, Washington Student Association.

Persons Signed In To Testify But Not Testifying: None.