

SENATE BILL REPORT

SB 5835

As Reported by Senate Committee On:
Higher Education, February 21, 2013

Title: An act relating to differential tuition.

Brief Description: Concerning differential tuition.

Sponsors: Senators Tom and Bailey.

Brief History:

Committee Activity: Higher Education: 2/19/13, 2/21/13 [DPS-WM].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 5835 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Bailey, Chair; Becker, Vice Chair; Kohl-Welles, Ranking Member; Baumgartner, Frockt, McAuliffe and Tom.

Staff: Kimberly Cushing (786-7421)

Background: Beginning in the 2002-03 academic year, the public four-year institutions of higher education were given the authority via a budget proviso to set tuition for nonresident undergraduate students. In 2003, the Legislature enacted ESSB 5448, formally placing this authority in statute and giving the schools additional authority to charge nonresident undergraduate students differential tuition rates for all or portions of an institution's programs, campuses, or courses.

In 2011, the Legislature enacted E2SHB 1795, the Higher Education Opportunity Act, which provided four-year institutions the authority to set tuition rates for resident undergraduate students through the 2014-15 academic year. This legislation also expanded the authority of universities and colleges to charge differential tuition rates to resident undergraduate students.

As a result of concerns raised over the potential impact to the solvency of the Washington Advanced College Tuition Payment Program, known as the Guaranteed Education Tuition (GET) Program, the Legislature temporarily suspended the authority to charge resident undergraduate students differential tuition rates in the 2012 supplemental operating budget.

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.

This suspension is in effect for the remainder of the current biennium and will expire on June 30, 2013.

The GET program is Washington's 529 prepaid college tuition plan, established in 1997. The GET program allows purchasers to pre-pay for tuition units that will be used at a later date. Under the GET program contract, the tuition unit payout value is equal to 1 percent of the highest resident undergraduate tuition and fees at a four-year state institution at the time of distribution. Thus, 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. The Student Achievement Council currently administers the GET program, while the State Investment Board oversees its investments.

Summary of Bill (Recommended Substitute): The suspension of differential tuition is extended for two years for the governing boards of four-year institutions of higher education. Beginning with the 2013-15 fiscal biennium, a tuition increase that applies to only a portion of an institution's resident undergraduate programs, campuses, courses, or students must not result in an increase in the GET program's tuition unit payout value.

EFFECT OF CHANGES MADE BY HIGHER EDUCATION COMMITTEE (Recommended Substitute): Extends the suspension of differential tuition for resident undergraduates at the four-year institutions for two more years, through the 2013-15 biennium. Beginning with the 2015-17 fiscal biennium, allows differential tuition for resident undergraduates at the four-year institutions as long as it does not impact the GET tuition unit payout value.

Appropriation: None.

Fiscal Note: Requested on February 18, 2013.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2013.

Staff Summary of Public Testimony on Original Bill: CON: Differential tuition would make regional universities less affordable. We are concerned that students would not be aware of the increase in differential tuition and it will change students' ability to budget. Differential tuition is not fair to students. We do not want to risk students pursuing different degrees just because of costs. Differential tuition is not just a GET Program issue.

OTHER: Washington State University (WSU) can accept this draft. However, there is no practical value at this time. The University of Washington (UW) supports the policy and does not want to get in the way of what other universities to do. However, the bill does not address capacity constraints. A two or four-year moratorium on differential tuition would be better. Well-qualified applicants to computer science are being denied entrance due to space. These students go out of state and pay four times as much. Differential tuition would never be this high.

Persons Testifying: CON: E. B. Vodde, Associated Students of Eastern WA University, WA Student Assn. (WSA); Jaclyn Sperlich, Associated Students of Central WA University, WSA; Angie Weiss, Associated Students of UW, WSA; Tristan Hanon, Associated Students of WSU.

OTHER: Chris Mulick, WSU; Margaret Shepherd, UW.