

HOUSE BILL REPORT

ESSB 5133

As Reported by House Committee On:
Higher Education

Title: An act relating to a study of higher education cost drivers.

Brief Description: Concerning a review of higher education costs.

Sponsors: Senate Committee on Higher Education (originally sponsored by Senators Bailey, Baumgartner, Kohl-Welles and Frockt).

Brief History:

Committee Activity:

Higher Education: 3/17/15, 3/31/15 [DPA].

**Brief Summary of Engrossed Substitute Bill
(As Amended by Committee)**

- Requires the Joint Legislative Audit and Review Committee (JLARC) to conduct a review of higher education costs at the state universities, regional universities, and The Evergreen State College.
- Requires the JLARC to report its findings to the Legislature by January 2016.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended. Signed by 13 members: Representatives Hansen, Chair; Pollet, Vice Chair; Zeiger, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Bergquist, Gregory, Hargrove, Holy, Reykdal, Sells, Stambaugh, Tarleton and Van Werven.

Staff: Megan Mulvihill (786-7304).

Background:

Joint Legislative Audit and Review Committee.

The Joint Legislative Audit and Review Committee (JLARC) is a committee comprised of an equal number of House of Representatives and Senate members supported by non-partisan staff that conduct performance audits, program evaluations, sunset reviews, and analyses of

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government programs and operations. The Legislature can mandate reviews, and the JLARC uses Generally Accepted Government Auditing Standards to conduct reviews.

Education Research and Data Center.

The Education Research and Data Center (ERDC) was established by the Legislature within the Office of Financial Management (OFM) to conduct analyses of early learning, K-12, and higher education programs. The ERDC works in collaboration with partner agencies and the Legislative Evaluation and Accountability Program. The ERDC maintains the dashboard, which contains various data and statistics on the state's public, four-year institutions.

Global Challenge States.

The Legislature uses the Global Challenge (GC) States to compare Washington to. The list of GC States is determined by the new economy index published by the Progressive Policy Institute, which ranks states based on indicators of their potential to compete in the new economy. The list is reviewed every five years by the OFM to determine if it is still appropriate. The Legislature uses the 60th percentile of resident undergraduate tuition at similar institutions of higher education in the GC States as a limit for Washington resident undergraduate tuition levels. The Legislature also uses the 60th percentile of total per-student funding for comparable institutions of higher education in the GC States as a goal for state funding.

Summary of Amended Bill:

The JLARC must conduct a review of higher education costs at the state universities, the regional universities, and The Evergreen State College. The review must describe the available financial records on higher education costs of instruction for each institution and the available cost of attendance data for students over the most recent 20-year period, including the costs of the following:

- research;
- faculty and staff salaries;
- administration;
- health care and benefits;
- capital;
- student services;
- textbooks; and
- student housing.

The review must use information already available, report where there are gaps in the information, and compare whether the data is available for institutions and students in the GC States. Institutions of higher education (institutions) and the ERDC must provide data for the review. The JLARC must consult with institutions and the ERDC in conducting the review. The JLARC must issue a report to the Legislature by January 2016. The Act expires July 1, 2016.

Amended Bill Compared to Engrossed Substitute Bill:

The amended bill removes the requirement for institutions and the ERDC to provide staff support, and instead added that the JLARC must consult with the institutions and the ERDC in conducting the review. A distinction between the costs for institutions and the students is made by clarifying that the institutions have costs of instruction whereas the students have cost of attendance. In addition, "cost data" was replaced with "financial records."

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended 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 is the companion bill to Substitute House Bill 1500, but it was decided that the JLARC might be the better committee to complete this study, so there are some differences between the two bills. Analyzing cost drivers within the institutions provides greater transparency and a better understanding of the total cost of higher education.

(In support with amendment(s)) Transparency and accountability efforts are supported, but there are many things that are already done around transparency. The ERDC has budget information, there is the dashboard on the OFM's website, and each institution posts budget information online. Any additional transparency efforts need to be targeted and helpful. Section 2 lists a number of cost drivers, but co-mingles two different kinds of costs. An amendment that makes a distinction between the costs to students versus the cost to institutions would be supported.

(Opposed) None.

Persons Testifying: (In support) Senator Bailey, prime sponsor; and Hayley Hohman, Washington Student Association.

(In support with amendment(s)) Cody Eccles, Council of Presidents; and Genesee Adkins, University of Washington.

Persons Signed In To Testify But Not Testifying: None.