

# SENATE BILL REPORT

## SHB 1696

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As Reported by Senate Committee On:  
Higher Education, March 26, 2015

**Title:** An act relating to modifying provisions related to tuition setting authority at public institutions of higher education.

**Brief Description:** Modifying provisions related to tuition setting authority at public institutions of higher education.

**Sponsors:** House Committee on Higher Education (originally sponsored by Representative Haler; by request of Office of Financial Management).

**Brief History:** Passed House: 3/04/15, 98-0.

**Committee Activity:** Higher Education: 3/17/15, 3/26/15 [DPA-WM].

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### SENATE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Bailey, Chair; Kohl-Welles, Ranking Minority Member; Becker, Frockt, Lias and Miloscia.

**Staff:** Kimberly Cushing (786-7421)

**Background:** Tuition-Setting Authority. 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. In the 2015-16 through 2018-19 academic years they 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.

This legislation expanded the authority of four-year institutions to charge differential tuition rates to resident undergraduate students. The State Board for Community and Technical Colleges (SBCTC) was also given the authority to pilot or institute differential tuition models. In 2012 and again in 2013, the Legislature suspended the authority to charge resident undergraduate students differential tuition rates in the operating budgets. This suspension is in effect for the remainder of the current biennium and will expire on June 30, 2015.

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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.*

Financial-Aid Mitigation. When a public baccalaureate institution raises tuition beyond levels assumed in the operating budget, the institution must remit 5 percent of operating fees back to students in the form of financial aid. Public baccalaureate institutions that do not increase tuition beyond levels assumed in the operating budget must remit 4 percent of operating fees in the form of financial aid. Additionally, to offset increased tuition, institutions must provide financial assistance to State Need Grant-eligible students, resident low and middle-income students via a specific formula depending on tuition price as a percentage of median family income in various income brackets, up to 125 percent of the median family income. Financial assistance may be provided through various methods with sources from tuition revenue, locally held funds, tuition waivers, or local financial aid programs.

Performance Plans. As of September 2011, each public baccalaureate must negotiate any institutional performance plan with the Office of Financial Management (OFM) that includes expected outcomes to be achieved in the subsequent biennium. At a minimum the plans must include expected outcomes for time and credits to degree; retention and success of students from low-income, diverse, or underrepresented communities; baccalaureate degree production; and degree production in high-demand programs.

**Summary of Bill (Recommended Amendments):** Public baccalaureate tuition-setting authority for undergraduate, resident students is removed and returned to the operating budget. However, for any institution that exercised tuition-setting authority above levels assumed by the Legislature in the 2011-13 and 2013-15 biennia, the institution must continue to remit 5 percent of operating fees back to students in the form of financial aid and continue required financial aid mitigation.

SBCTC and the baccalaureates may pilot or institute differential tuition models subject to approval in the operating budget. However, differential tuition models may not be implemented during the 2015-17 biennium.

The following provisions are repealed:

- Public baccalaureates must negotiate with OFM an institutional performance plan with expected outcomes every-other September;
- OFM must report annually the total per-student funding level and undergraduate tuition that each represent the sixtieth percentile of funding and tuition for similar institutions of higher education; and
- Colleges and universities must collaborate with student associations to make every effort to communicate the American Opportunity Tax Credit and other credits to students and report on the effectiveness of these methods.

**EFFECT OF CHANGES MADE BY HIGHER EDUCATION COMMITTEE (Recommended Amendments):** Allows SBCTC and the baccalaureates to pilot or institute differential tuition models subject to approval in the operating budget. However, differential tuition models may not be implemented during the 2015-2017 biennium. Removes the requirement to report disaggregated data for additional income brackets.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Substitute House Bill:** PRO: Tuition rate changes impact the middle class. Tuition-setting authority belongs to the Legislature, which listens to citizens and the universities. Differential tuition has a negative impact to Guaranteed Education Tuition and provides uncertainty to students when weighing what degree to pursue. We've frozen tuition recently in the budget, we might as well make it formal. The current law is very confusing about who sets tuition and what triggers it. Tuition would be lower and more predictable if it was in the hands of the Legislature because of transparency and accountability. The issue of affordability is front and center for high school students who believe those who appropriate funding should set tuition as well. We appreciate tuition-setting authority during difficult budget times, but now the Legislature should determine state funding, tuition, and financial aid.

OTHER: We are glad the Legislature is talking about public investment. But what happens to tuition and affordability is what happens in the budget. We request the removal of the remaining reporting requirements which came as a tradeoff for autonomy. We would like to get off the roller coaster of who has tuition-setting authority and want a reliable source of funding for higher education.

**Persons Testifying:** PRO: Jennifer Ziegler, Shelton High School Capitol Classroom Program; Garrett Havens, WA Student Assn.; Paula Moore, OFM; Julie Garver, The Evergreen State College.

OTHER: Genesee Adkins, University of WA.