

SENATE BILL REPORT

SB 5484

As of February 9, 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: Senators Bailey, Baumgartner, Becker, Liias, Kohl-Welles, Chase and Hasegawa; by request of Office of Financial Management.

Brief History:

Committee Activity: Higher Education: 2/05/15.

SENATE COMMITTEE ON HIGHER EDUCATION

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.

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,

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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. Beginning in 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: 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 bienniums, 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.

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: PRO: Moving forward the Legislature should set both state funding levels and the maximum tuition increase levels for the institution. This would recognize the direct relationship between levels of tuition and the amount of state funding that is provided to the institutions, and the amount of state funding provided for student financial aid. The reality is Eastern Washington University (EWU) won't leverage high tuition. EWU is the most affordable institution in the state. The Legislature needs to

continue investing in higher education. Because of the interplay between tuition and state funding, students must go to the Legislature to ask for funding and then to their institutions to ask administration not to increase tuition. Returning tuition to the control of the Legislature is the first step in making college affordable. The Legislature should work with institutions to support efforts for differential tuition. Current tuition-setting authority statutes conflict. It is not clear whether tuition authority applies to tuition or tuition and fees. In 2015 the tuition trigger is tied to other states. The Legislature should set two-year tuition plans.

CON: Universities have to manage their finances during the recession. Each institution has its own unique needs. We appreciate the freeze in tuition. But, over the long term, tuition will increase and tuition-setting authority can be used as a tool.

OTHER: Our focus should be on providing stable and predictable funding to institutions to allow students to receive a high-quality degree at an affordable cost. Constantly changing tuition policies is a major impediment to stable and predictable funding. Only one institution – the University of Washington (UW) – exercised tuition-setting authority. Washington ranks 49th in per-student funding and students shoulder the majority of the investment. Institutions are providing more financial aid than ever before. Think about tuition as part of your vision for the state. We support a tuition freeze for the 2015-17 biennium as long as adequate state funding allows students to access the courses they need.

Persons Testifying: PRO: Senator Bailey, prime sponsor; Julie Garver, The Evergreen State College; Alicia Kinne-Clawson, EWU; Austin Wright-Pettibone, Associated Students of UW Government Relations, Director; Anne Belson, WA Student Assn., The Evergreen State College; Paula Moore, OFM.

CON: Neil Strege, WA Roundtable.

OTHER: Paul Francis, Council of Presidents; Genesee Adkins, UW; Steve Dupont, Cental WA University; Becca Kenna-Schenk, Western WA University.