

# HOUSE BILL REPORT

## HB 1235

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### As Reported by House Committee On:

Higher Education  
Ways & Means

**Title:** An act relating to tuition fees for students other than resident undergraduates.

**Brief Description:** Making certain current higher education tuition-setting practices permanent.

**Sponsors:** Representatives Wallace, Anderson, Kenney and Carlyle; by request of Higher Education Coordinating Board.

### Brief History:

#### Committee Activity:

Higher Education: 2/6/09, 2/13/09 [DPS];

Ways & Means: 2/24/09, 2/27/09 [DP2S(w/o sub HE)].

#### Brief Summary of Second Substitute Bill

- Extends current tuition-setting practices authorities through academic year 2015-16.
- Requires the University of Washington to continue using 10 percent of revenue from law school tuition increases for needy law school students through 2015-16.
- Requires all institutions of higher education to continue using 10 percent of revenue from graduate academic school tuition increases for needy resident graduate academic students through 2015-16.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Wallace, Chair; Sells, Vice Chair; Anderson, Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Carlyle, Driscoll and White.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Angel, Haler and Hasegawa.

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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.*

**Staff:** Andi Smith (786-7304)

**Background:**

1995-99: Legislature Sets Tuition in Statute.

Prior to 1995 institutions tied tuition levels to the cost of instruction. Beginning in 1995 the Legislature began setting tuition in statute as dollar amounts for each public institution. Although 1995 legislative intent stated that the tuition increases of 1995-96 and 1996-97 were a “transition measure until final action is taken in 1997,” the practice of specifying dollar amounts was continued through the 1997-99 biennium.

Tuition amounts (or percentage increases) specified in statute have referred only to the “tuition” portion of tuition and fees. Public colleges and universities could assess additional fees – such as services and activities fees and technology fees. State statutes established maximum amounts that could be charged for these additional fees, which vary by institution.

The Legislature also directed the Higher Education Coordinating Board to continue to conduct the education cost study and submit “approved undergraduate and graduate educational costs to the several boards of regents and trustees of the state institutions of higher education by November 10 of each even-numbered year . . .”.

1999-01: Legislature Gives Limited Tuition-Setting Authority to Institutions.

For the first time, in academic year 1999-00, the Legislature and Governor gave institutions limited local tuition-setting authority. The 1999-01 State Operating Budget authorized colleges and universities to increase tuition up to 4.6 percent in the 1999-00 academic year and 3.6 percent in the 2000-01 academic year.

2001-02 Academic Year: Limited Tuition-Setting Authority Continues for Institutions.

The Legislature and Governor continued to give institutions limited local tuition-setting authority in academic year 2001-02, with tuition increases authorized up to 6.7 percent. However, maximum tuition increases for graduate programs of law and business were set at 12 percent, and the University of Washington was allowed to increase tuition up to 15 percent for its graduate business programs.

2002-03 Academic Year: Limited Tuition-Setting Authority for Resident Undergraduates, Other Categories Unlimited.

Institutions were allowed specified maximum percentage increases (above the prior year’s tuition) for resident undergraduates, as follows:

- Research Universities = 16 percent
- Comprehensive Institutions = 14 percent
- Community Colleges = 12 percent

These increases were among the highest for any year in the previous decade. In all cases the institutions found it necessary to raise tuition to the allowable maximum. For other student categories – graduate and professional students and all nonresident students – no maximum was placed on allowable tuition increases.

In 2002-03 Washington's community colleges changed the basis of tuition from a full-time/part-time basis to a per-credit-hour base. Tuition and fees reported here reflect the amount charged to a student taking 15 credit-hours per term.

2003-05 Biennium: Limited Tuition-Setting Authority up to 7 Percent for Resident Undergraduates, Other Categories Unlimited.

For six years (2003-04 through 2008-09), the institutions were allowed to reduce or increase full-time tuition on all students except resident undergraduates. Increases could exceed the fiscal growth factor (as specified in Engrossed Substitute Senate Bill 5448). For resident undergraduates, the 2003 budget specified an increase no greater than 7 percent in academic years 2003-04 and 2004-05 at both four-year institutions and community colleges.

2005-07 Biennium: Limited Tuition-Setting Authority for Resident Undergraduates, Other Categories Unlimited.

For resident undergraduates, the operating budget specified an increase of no greater than 7 percent for each year of the biennium at the research universities, 6 percent at the comprehensive institutions, and 5 percent at the community and technical colleges. As specified in the 2007-09 budget, institutions continued to have unlimited tuition-setting authority for all other student tuition categories through the 2008-09 academic year.

2007-09 Biennium: Limited Tuition-Setting Authority for Resident Undergraduates, Other Categories Unlimited.

In 2007 Second Substitute Senate Bill 5806 (2SSB 5806) limited tuition increases in statute, to no greater than 7 percent. The 2007-09 operating budget specified that research universities could increase up to the 7 percent cap, regional universities could increase up to 5 percent, and community and technical colleges could increase tuition by up to 2 percent. The budget also specified that institutions could continue to have unlimited tuition-setting authority for all other student tuition categories through the 2008-09 academic year.

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**Summary of Substitute Bill:**

The governing boards of the four-year institutions of higher education and the State Board for Community and Technical Colleges are authorized to establish tuition and fees for all students other than resident undergraduate students through academic year 2015-16.

The Legislature will establish tuition for resident undergraduate students in the biennial operating budget through academic year 2015-16.

If statutes are not amended, tuition for academic year 2016-17 will be set at academic year 2015-16 rates.

**Substitute Bill Compared to Original Bill:**

Provisions that would have made current tuition-setting authorities permanent are removed and replaced with provisions that include an end date for those authorities.

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**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) The institutions have used current tuition-setting authority responsibly. The revenue generated from the increases allows institutions flexibility in developing new programs to meet state needs. Institutions rely on the revenue stream to increase the number of faculty they hire, improve program quality, and improve degree production. The programs that have seen the greatest tuition increases, like business, pharmacy, and law continue to have high student demand, indicating that institutions have not priced themselves out of the market.

Businesses would also like to see the institutions retain the authority. Particular programs meet the needs of business and as such, the institutions need to have a steady, predictable revenue stream so that they can continue to be responsive to business and the state.

(Opposed) Tuition increases like the ones that we have experienced are demoralizing to students, especially in times of economic downturn like this when everyone is hurting. This is especially difficult if the state cuts student financial aid - leaving students to take the brunt of these cuts. Tuition should be priced in an affordable, predictable manner and abdicating authority to the institutions will not serve that purpose. This bill represents the status quo and the status quo isn't working. Student debt is on the rise and the middle class is increasingly being squeezed. Institutions are not accountable to students, so giving them authority to set tuition is dangerous.

**Persons Testifying:** (In support) Representative Wallace, prime sponsor; Ann Daley, Higher Education Coordinating Board; Terry Teale, Council of Presidents; Randy Hodgins, University of Washington; Brian Jeffries, Washington Roundtable; and Larry Ganders, Washington State University.

(Opposed) Joseph Carter, Jesse Stafford and Michael Ladd, Tacoma Community College, United Against the Budget Cuts; Evan Rohar, Evergreen Committee for Full Funding; and Dave Iseminger, Washington Student Lobby.

**Persons Signed In To Testify But Not Testifying:** None.

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**HOUSE COMMITTEE ON WAYS & MEANS**

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Higher Education. Signed by 21 members: Representatives Linville, Chair; Ericks, Vice Chair; Alexander,

Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Darneille, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick, Seaquist and Sullivan.

**Minority Report:** Do not pass. Signed by 1 member: Representative Conway.

**Staff:** Debbie Driver (786-7143)

**Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Higher Education:**

The second substitute bill continues through 2015-16 two additional tuition policies that otherwise would sunset in 2008-09:

- The University of Washington must continue using 10 percent of revenue from law school tuition increases for needy law school students.
- All institutions of higher education must continue using 10 percent of revenue from graduate academic school tuition increases for needy resident graduate academic students.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Second 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) The higher education institutions have been judicious with the authority to set tuition for all student groups except resident undergraduates. The Legislature gave this authority to institutions six years ago and the colleges and universities have approached these decisions responsibly. When compared to other states, Washington public baccalaureate institutions tuition rates for non-resident, graduate, and professional students are either better than or on-par with other institutions. On average, one institution has increased tuition for the groups outlined in the bill by 7 to 8 percent over the last six years, which is close to the resident undergraduate tuition increases authorized by the Legislature over the same time period. The funds collected from these programs result in higher quality programs for students. This bill results in a balanced approach to tuition increases: flexibility and authority given to the institutions for certain groups of students balanced with the Legislature's retention of the authority to increase tuition for resident undergraduates.

(Opposed) The bill has no accountability measures or tuition caps, which are harmful exclusions to students. Tuition hikes for graduates and professional students have been high over the last six years, including a 125 percent increase in five years at one school. Student debt load has also increased due to the high tuition rates. These hikes and the consequent impact on student debt do not represent responsible use of the authority the institutions have been given by the Legislature. There are also concerns about the impacts high tuition rates

have on access to higher education for students and any Initiative-960 implications of raising tuition.

**Persons Testifying:** (In support) Larry Ganders, Washington State University; Brian Jefferies, Washington Roundtable; Chris Thompson, Higher Education Coordinating Board; and Randy Hodgins, University of Washington.

(Opposed) Richard Lum, Associated Students of the University of Washington; David Isemminger, University of Washington Graduate and Professional Student Senate; and David Parsons, International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) 4121.

**Persons Signed In To Testify But Not Testifying:** None.