

# HOUSE BILL REPORT

## SSB 5734

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**As Passed House:**  
April 22, 2009

**Title:** An act relating to tuition fees.

**Brief Description:** Regarding tuition at institutions.

**Sponsors:** Senate Committee on Higher Education & Workforce Development (originally sponsored by Senators Kilmer, Delvin and Shin; by request of Higher Education Coordinating Board).

**Brief History:**

**Committee Activity:**

Higher Education: 3/18/09, 3/24/09 [DP];  
Ways & Means: 4/2/09, 4/14/09 [DPA].

**Floor Activity**

Passed House: 4/22/09, 53-44.

**Brief Summary of Substitute Bill**

- Extends current tuition-setting authorities through academic year 2012-13.
- Requires the Joint Legislative Audit and Review Committee to conduct a systemic performance audit of the public baccalaureate institutions.
- Requires the baccalaureate institutions and the community and technical colleges to use any tuition increase above 7 percent to fund the cost of instruction, library and student services, utilities and maintenance of buildings, other costs related to instruction as well as institutional financial aid. Budgetary reductions through 2010-11 to instruction related costs shall be proportionally less than reductions associated with other program areas including administration.
- Requires the baccalaureate institutions and community and technical colleges to consult with student groups before raising tuition and provide data regarding the percentage of students receiving aid, the source of aid, and the percentage of the total cost of attendance paid by financial aid.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

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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.*

**Majority Report:** Do pass. Signed by 9 members: Representatives Wallace, Chair; Sells, Vice Chair; Anderson, Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Carlyle, Driscoll, Grant-Herriot, Haler and White.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Angel and Hasegawa.

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

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## HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended. Signed by 18 members: Representatives Linville, Chair; Ericks, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Cody, Conway, Darneille, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Seaquist and Sullivan.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Chandler, Priest, Ross and Schmick.

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

### **Background:**

Beginning with the 2003-04 academic year, the governing boards of the public colleges and universities were granted authority to set full-time tuition fees for all students other than resident undergraduates. The Legislature retained the authority to set full-time tuition fees for resident undergraduates at public colleges and universities. In prior years, the Legislature has established a cap on annual tuition increases in the operating budget, rather than calling out a specific tuition rate. Currently, state universities may raise tuition up to 7 percent annually, regional universities and The Evergreen State College may raise tuition up to 5 percent annually, and the community and technical colleges may raise tuition up to 2 percent annually.

The governing boards' limited tuition-setting authority will expire at the end of the 2008-09 academic year. If this authority expires, beginning in the 2009-10 academic year, tuition fees for full-time students at the state's colleges and universities will be the same as tuition charged in the 2008-09 academic year unless different rates are adopted by the Legislature.

### **Summary of Bill:**

The governing boards' limited tuition-setting authority is extended through the 2012-13 academic year. Beginning in the 2015-16 academic year, tuition fees for full-time students at the state's colleges and universities will be the same as tuition charged in the 2014-15 academic year unless different rates are adopted by the Legislature.

The baccalaureate institutions and community and technical colleges must consult with existing student groups before raising tuition and provide data regarding the percentage of

students receiving financial aid, the sources of aid, and the percentage of total costs of attendance paid for by financial aid.

The baccalaureate institutions are required to use any tuition increase above 7 percent to fund the cost of instruction, library and student services, utilities and maintenance of buildings, other costs related to instruction, as well as institutional financial aid. Budgetary reductions through 2010-11 to instruction related costs shall be proportionally less than reductions associated with other program areas including administration.

**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 (Higher Education):**

(In support) The fiscal note on this bill provides some very useful information. If the Legislature does not adopt new tuition rates, those rates will revert back to those from this academic year. The end result, assuming that the institutions would have raised tuition 7 percent, is a \$46 million cut for the biennium. This would have the impact of reducing access and program quality. The authority granted to the institutions has been used judiciously and the market provides somewhat of a check on out of control increases. However, just to assure that the public trust is not abused, the Senate inserted a sunset date to the authority.

The Higher Education Coordinating Board (HECB) has requested this legislation and fully supports the continuation of current policy. The bill strikes an interesting balance between preserving legislative authority and providing the institutions the authority to set tuition without caps. The HECB would support an amendment which reauthorizes the practice of diverting revenue from the increased tuition to provide financial assistance to lower income graduate and law school students. The University of Washington (UW) is also supportive of this bill. The handouts before the committee demonstrate that the UW is consistently ranked in the middle of its peers when examining tuition levels. In medicine, the UW has consciously decided to be lower than average in an attempt to train more doctors. The UW has been responsible and would like to maintain the responsibility for another six years. Washington State University has also used the authority sparingly, given that these are all market sensitive rates. We can't and won't get out of sync with our competitors. The Washington Round Table also supports this authority. The institutions have used the authority judiciously and need the predictable revenue to maintain quality and access.

(Opposed) The graduate and professional students are concerned about the institutions' approach to this economic downturn. Allowing a board of private citizens to set tuition is tantamount to privatizing the UW. The model of high tuition/high aid has been proven not to work in other states, including Michigan where the average debt is nearly \$7,700 higher than from the UW. We want the institutions to remain predictable and accountable in setting tuition and so we ask you to either "cap or kill" this legislation. There are over 18,000

graduate and professional students in Washington, many of whom have significant debt and are going into fields where the median starting salary is not very big. An enormous burden already exists in the middle class and this would exacerbate that problem. The institutions can't "tuition their way out" of the budget cuts that are likely. Students also aren't naive to the fact that there will be an increase. We just ask that you cap it and keep the authority with the Legislature. Members of the unions representing graduate and research assistants on campuses have begun to mobilize. Over half of the members have signed on to an open letter to President Emmert opposing cuts and tuition increases. This combination would be especially difficult for lower income students.

**Staff Summary of Public Testimony (Ways & Means):**

(In support) Providing flexibility to nonresident undergraduate and graduate programs enables the state to minimize the extent to which undergraduate resident tuition would raise. Over the past six years, the institutions have been judicious with the authority to set tuition for all student groups except resident undergraduates. All six public baccalaureate institutions support extending the authority for another six years. It's important to have a tuition policy in statute and be aware of the market sensitivity of tuition. The baccalaureate institutions want students to attend their colleges and universities and will continue to price their programs responsibly.

(Opposed) Every two years a conversation is revived regarding how much tuition should be raised. Granting tuition increase authority to governing boards without any accountability is detrimental to students. Why not cap tuition increases for all student groups other than resident undergraduates in a way similar to how resident undergraduate tuition is capped? Students are in debt and are feeling the pinch of high tuition compounding with the downturn in the economy. If the bill does not include caps, it should be killed as it is a flawed bill.

**Persons Testifying (Higher Education):** (In support) Senator Kilmer, prime sponsor; Ann Daley, Higher Education Coordinating Board; Randy Hodgins, University of Washington; Larry Ganders, Washington State University; and Nancy Hiteshue, Washington Roundtable.

(Opposed) Richard Lum, Associated Students of the University of Washington; Dave Iseminger, Professional Student Senate; and David Parsons, United Auto Workers Local 4121.

**Persons Testifying (Ways & Means):** (In support) Senator Kilmer, prime sponsor; Terry Teale, Council of Presidents; and Chris Thompson, Higher Education Coordinating Board.

(Opposed) Dave Iseminger, University of Washington Graduate and Professional Student Senate; and Richard Lum, Associated Students of the University of Washington.

**Persons Signed In To Testify But Not Testifying (Higher Education):** None.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** None.