

HOUSE BILL REPORT

HB 1461

As Reported By House Committee On:

Higher Education
Appropriations

Title: An act relating to higher education tuition.

Brief Description: Setting tuition for graduate business students at the University of Washington.

Sponsors: Representatives Huff and Carlson.

Brief History:

Committee Activity:

Higher Education: 2/11/97, 2/12/97, 2/27/97 [DPS];

Appropriations: 3/6/97, 3/8/97 [DP2S(w/o sub HE)].

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Carlson, Chairman; Radcliff, Vice Chairman; Mason, Ranking Minority Member; Kenney, Assistant Ranking Minority Member; Dunn; O'Brien; Sheahan and Van Luven.

Staff: Suzi Morrissey (786-7120).

Background: Tuition rates for students attending public colleges and universities are determined by law. Nonresident students pay substantially higher tuition rates than the rates paid by resident students.

At the University of Washington, students enrolled in programs leading to a Masters of Business Administration (MBA) pay the same tuition rates as students enrolled in graduate study programs. During the 1996-97 academic year, tuition rates for MBA students are \$4,669 for residents and \$12,100 for nonresidents. In its budget request, the university has asked the Legislature to create a new tuition category for students enrolled in MBA programs. Over the next four years, the University of Washington has asked the Legislature to annually increase tuition rates for MBA students by \$592 for resident students and \$637 for nonresident students. If its request is granted, the university estimates that, at the end of the four year period, tuition rates for MBA

students will be at about the average tuition rates charged by the university's public peer institutions.

Summary of Substitute Bill: A new tuition category is created for nonresident students enrolled in programs leading to a Masters in Business Administration degree. Over the next four years, tuition rates for nonresident students enrolled in MBA programs will increase by \$637 each year. At least 10 percent of the revenue received from the difference between tuition rates for graduate students and tuition rates for MBA students must be used to help needy resident students enrolled in MBA programs. The revenue for this assistance is in addition to the requirement that each baccalaureate institution and community college deposit 3.5 percent of all tuition and fee revenue into each institution's local financial aid fund.

Substitute Bill Compared to Original Bill: Tuition rates are not increased for resident MBA students. The financial aid requirements are included.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: (original bill) The University of Washington has one of the most highly regarded MBA programs in the country. Tuition rates at the university for resident MBA students are about 28 percent below the average tuition rates at comparable public institutions. Tuition rates for nonresident MBA students are about 5 percent below nonresident rates at comparable public institutions. Revenue from this increase will be used to improve quality and course access for resident students.

Testimony Against: (original bill) Tuition rates have climbed steeply in Washington's public baccalaureate institutions in recent years. These increases have created difficult financial problems for many students and their families. The tuition increases proposed in this legislation may cause some students to increase debt burdens that are already formidable.

Testified: Representative Tom Huff, prime sponsor (pro); Sherry Burkey, University of Washington (pro); John Linder, President of Associated Students, University of Washington (con); Bruce Eklund, Washington Student Lobby (con); Judy Nicastro, law student, University of Washington (con); Nan Hussey, President, Graduate and Professional Student Senate, University of Washington (con); Ron Dear, faculty, University of Washington (pro); Kim Goforth, law student, University of Washington (con); Larry Witzel, MBA student, University of Washington; and Richard McCormick, President, University of Washington (pro).

HOUSE COMMITTEE ON APPROPRIATIONS

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 19 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; Gombosky, Assistant Ranking Minority Member; Carlson; Chopp; Cooke; Crouse; Kenney; Lambert; Lisk; Mastin; McMorris; Parlette; Regala; D. Schmidt; Sehlin and Talcott.

Minority Report: Do not pass. Signed by 11 members: Representatives H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Benson; Cody; Grant; Keiser; Kessler; Linville; Poulsen; Sheahan and Tokuda.

Staff: Mary Alice Grobins (786-7118).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Higher Education: The second substitute bill increases tuition for resident MBA students by \$592 per year for four years in addition to the non-resident student tuition increases provided in the substitute bill. The second substitute bill also provides that 10 percent of the revenue received from the difference between tuition rates for graduate students and tuition rates for law school students must be used for financial aid for needy resident law school students. This is in addition to the current requirement that each institution deposit 3.5 percent of all tuition and fee revenue into its local financial aid fund.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This tuition increase is necessary to bring the University of Washington's tuition level up to the average of its peer institutions. Different classifications of graduate students for tuition purposes is valid. Increased tuition will be used to provide enhanced graduate business programs.

Testimony Against: The proposed tuition rates are too high and will price people out of the MBA program. This bill increases the incentive for students to become state residents which in turns decreases tuition revenue to the University of Washington. The peer argument is not a valid one because the University of Washington is a public institution and provides a public service. It doesn't cost the University of Washington

more to run the business school program than other programs, and there is no justification for the increased rate.

Testified: Sherry Burkey, University of Washington (pro); and Amit Ranade, Associated Students, University of Washington (con).