

**COMMITTEE ON HIGHER EDUCATION**  
*Rep. Phyllis Kenney, Democratic Co-Chair and*  
*Rep. Don Carlson, Republican Co-Chair*

**BILL ANALYSIS « HB 1528**

**Brief Description:** Changing Higher Education Tuition provisions.

**Background:** From 1978 until 1995, the Legislature established in statute that tuition would be a percentage of the instructional costs at public colleges and universities. In 1995, the Legislature removed the direct link to cost of instruction and set forth in statute, dollar amounts for tuition at the public higher education institutions. The 1996 Legislature increased the statutory amounts for nonresident undergraduate tuition at the two research institutions. The Legislature intended that setting forth of dollar amounts would be a "transition measure until final action is taken in 1997."

However, the 1997 Legislature again set the tuition amounts in statute for a two-year period. During the 1997-99 biennium, tuition increases are 4 percent per academic year for most categories of students. Exceptions are allowed for increases in three categories at the University of Washington: 8.3 percent for nonresident undergraduates, 7.3 percent for resident law students, and 6.7 percent for nonresident law students. The UW must use 10 percent of the revenue from the difference between the 4 percent increase and the actual increase to help needy resident undergraduate students and needy resident law students.

Tuition rates are frozen after the 1997-99 biennium unless the Legislature adopts either different rates or an on-going policy for establishing tuition rates. New tuition rates may be established via the operating budget.

The operating fee is the largest part of the tuition charge, between 75 and 90 percent. The building fee comprises 3 to 9 percent of the total amount depending upon the institution. The services and activities fee is also a small part, between 9 and 13 percent. The building fee is a percentage of total tuition fees, rather than a fixed amount, and increases as overall tuition increases. The rate of increase for services and activities fees is limited to the percentage increase in tuition by student category.

Since 1993, institutions have retained tuition revenue as a local non-appropriated account. For the 1997-99 biennium, revenue from tuition is estimated to be \$726 million for all institutions combined.

Closely linked to tuition policy is financial aid policy. Needy Washington residents attending accredited Washington public and private institutions of higher education and vocational schools are eligible to receive state funded student financial aid. Since 1977, statute has contained intent language linking increases in tuition with an increase in dollars appropriated for the State Need Grant program. The Legislature has consistently honored the intent by

adding to the financial aid base appropriation an amount equal to at least 24 percent of the estimated revenue received as a result of tuition increases.

Permanent statute grants broad general powers to governing boards but is silent on the specific issue of institutional salary setting authority. Operating budgets generally include language limiting salary increases. A 1998 Attorney General opinion states that the authority to grant increases from non-appropriated funds depends on the specific budget language used.

**Summary:**

**Tuition:** Limited tuition setting authority is given to the State Board for Community and Technical Colleges and to the individual governing boards of the public 4-year institutions of higher education. Beginning with the 1999-00 academic year, the boards may increase resident undergraduate rates up to 5 percent per year. Boards may increase rates for all other student categories up to 20 percent per year. Boards are given unlimited authority to lower tuition.

**Surcharges:** The surcharge applied to tuition and fees for students enrolled for fewer than 2 credit hours no longer applies to students in the two-year colleges.

**Financial Aid:** The intent language stating that the legislature intends to appropriate state general fund dollars to the State Need Grant program in an amount equal to 24 percent of tuition revenue increases is deleted. It is replaced by a requirement that each institution set aside a portion of its tuition revenue increase for its State Need Grant students. There is also a requirement that the legislature retain the responsibility to appropriate funds to the State Need Grant program to support changes in the overall program eligibility levels and changes resulting from increased enrollments.

**Distance Education Cost Reporting:** As part of its periodic cost study, the Higher Education Coordinating Board is required to estimate costs of instruction supported by technology, provided at a distance, or both supported by technology and provided at a distance.

**Salaries:** The authority to establish salary and wage compensation levels is given to the SBCTC and the individual governing boards. That authority will be exercised for all employees of the higher education institutions except as otherwise provided by state law or collective bargaining agreements.

*Office of Program Research*  
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