

***Higher Education Committee***

***HB 1743***

***Brief Description:*** *Changing higher education tuition provisions.*

***Sponsors:*** *Representative Kenney; by request of Governor Locke.*

***Brief Summary of Bill***

- *Authorizes governing boards of institutions of higher education to increase or decrease operating fees, including caps for increases on resident undergraduates and no limits on increases in all other categories.*

***Hearing Date:*** *2/14/01*

***Staff:*** *Marsha Reilly (786-7135).*

***Background:***

*Tuition and fees are comprised of four separate fees: operating fee, building fee, student and activities fee, and technology fee. The actual "tuition" referred to in statute consists of operating fees and building fees. Currently, 75 to 90 percent of tuition, depending on the different tuition sectors (i.e., resident, non-resident, graduate, undergraduate, etc.) is comprised of the operating fee which funds the instructional activities of the institution. The building fee, about 5 percent of tuition, is used for bond retirement and building projects.*

*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 and the 1999 Legislatures again set the tuition amounts in statute for*

*each biennium, respectively. In the 1997-99 biennium, tuition increases were 4 percent per academic year for most categories of students. Exceptions were allowed for increases in three categories at the University of Washington (UW): 8.3 percent for nonresident undergraduates, 7.3 percent for resident law students, and 6.7 percent for nonresident law students. The UW was to 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 were frozen after the 1997-99 biennium unless the Legislature adopts either different rates or an on-going policy for establishing tuition rates.*

*In 1999, the Legislature granted limited tuition setting authority to the governing boards for higher education institutions. The first year of the biennium, tuition could be raised up to 4.6 percent, and in the second year it could be raised up to 3.6 percent.*

*Tuition policy and financial aid have been closely linked since 1977. Statute has contained intent language linking increases in tuition to increases in 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.*

**Summary of Bill:**

*The governing boards of the four-year public institutions of higher education and the State Board for Community and Technical Colleges are given authority to increase, or decrease, full-time operating fees for resident undergraduate students in excess of the fiscal growth factor but with limits of no more than 10 percent per year and no more than 40 percentage points over any consecutive six-year period. For all other categories of students, the governing boards may increase operating fees above the fiscal growth factor with no limitations or caps. Operating fees also may vary by program, time of day, day of the week, campus, degree, delivery method, or other criteria.*

*Building fees shall be calculated as a percentage of operating fees and rise or fall with changes in operating fees.*

*Institutions raising tuition in FY 2002 must set aside money to cover the difference in the tuition increase and accompanying increase in needed aid to State Need Grant recipients. This is only for FY 2002 and after that the Office of Financial Management will meet with representatives from the public baccalaureate institutions, the Higher Education Coordinating Board, and the State Board for Community and Technical Colleges to make future recommendations regarding corresponding increases in tuition and financial aid.*

*The technical colleges shall retain 3.5 percent of operating fees for deposit into their local financial aid account.*

**Appropriation:** None.

**Fiscal Note:** Available.

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