

SENATE BILL REPORT

SHB 1986

As Reported By Senate Committee On:
Early Learning, K-12 & Higher Education, February 17, 2006

Title: An act relating to reviewing and prioritizing tuition waivers.

Brief Description: Requiring a review of tuition waivers.

Sponsors: House Committee on Higher Education & Workforce Education (originally sponsored by Representatives Roberts, Buri, Kenney, Cox and Morrell).

Brief History: Passed House: 2/09/06, 97-1.

Committee Activity: Early Learning, K-12 & Higher Education: 2/15/06, 2/17/06 [DPA].

SENATE COMMITTEE ON EARLY LEARNING, K-12 & HIGHER EDUCATION

Majority Report: Do pass as amended.

Signed by Senators McAuliffe, Chair; Weinstein, Vice Chair, Early Learning & K-12; Schmidt, Ranking Minority Member; Berkey, Delvin, Kohl-Welles, Rasmussen, Rockefeller, Schoesler and Shin.

Staff: Susan Mielke (786-7422)

Background: The Legislature grants higher education institutions permission to reduce all or a portion of tuition for certain types of students and for various purposes. For Fiscal Year 2004, institutions reported granting \$152.4 million in tuition waivers for 138,099 students. When an institution grants a tuition waiver, the total tuition revenue collected by the institution is reduced, but for some waivers the state assumes that State General Fund dollars in the institution's base budget make up for lost tuition revenue. When tuition revenues were deposited in the General Fund prior to 1993, it was in the state's interest to control the amount of tuition waived. Since 1994, institutions have retained tuition revenue as a local fund and now have an incentive to control the amount of tuition waived. With limited exceptions, tuition waivers are "permissive" rather than mandatory. The Legislature authorizes but does not require institutions to grant waivers.

Current waiver authority can be divided into three broad categories:

State-supported waivers: An institution does not directly forego revenue because the state assumes that funding in the institution's budget makes up for the waived tuition. There is a statutory cap for each institution on the percentage of total tuition revenue that may be waived. For Fiscal Year 2004, \$131 million was waived for 117,013 students. More than 25 different state-supported waivers are authorized in statute.

Discretionary waivers: An institution may waive the operating fee portion of tuition for any student for any reason. There is no cap, but foregone revenue has not been made up by the state. For Fiscal Year 2004, \$21 million was waived for 21,086 students. Some institutions use

this authority for merit-based waivers, program specific waivers, and waivers for nonresident students.

Space-available waivers: These waivers are granted to qualifying students only if the institution determines space is available. Students attending on a space-available waiver are not counted in the overall enrollment figures for state budgeting purposes so these waivers also are unsupported. Recipients of space-available waivers are: low-income or unemployed persons, senior citizens, permanent classified state employees, higher education faculty and staff of the institution, National Guard members, and veterans of the Korean Conflict.

Summary of Amended Bill: The Higher Education Coordinating Board (HECB), in collaboration with the State Board for Community and Technical Colleges and the four-year institutions of higher education, will review current tuition waiver authority granted to the state's institutions of higher education. By December 1, 2006, the HECB will recommend to the Legislature priorities for waivers, including repeal, consolidation, standardization, or other changes to statutes

Amended Bill Compared to Original Bill: The State Board for Community and Technical Colleges and the four-year institutions are added to work in collaboration with the HECB on the review of the tuition waiver authority.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: This review and analysis of the current waivers available will provide an opportunity for the Legislature to have a better understanding of the financial impact of waivers on the higher education system. The community and technical college system recently completed a major study of waivers provided in that system. The HECB can work with the State Board for Community and Technical Colleges to use that information as a first step in this review. Over half of the waivers provided at the community and technical college level are given to students enrolled in adult literacy and English as a Second Language programs, which are a large part of the mission of the colleges.

Testimony Against: None.

Who Testified: PRO: Representative Mary Helen Roberts, prime sponsor; Mary Alice Grobbins, State Board for Community and Technical Colleges.