

HOUSE BILL REPORT

HB 2303

As Reported By House Committee On:

Higher Education
Appropriations

Title: An act relating to a tuition variance pilot program.

Brief Description: Creating a tuition variance pilot program.

Sponsors: Representatives Carlson, Jacobsen and Mulliken.

Brief History:

Committee Activity:

Higher Education: 1/18/96, 1/23/96 [DPS];

Appropriations: 2/3/96 [DPS(HE)].

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Carlson, Chairman; Mulliken, Vice Chairman; Jacobsen, Ranking Minority Member; Mason, Assistant Ranking Minority Member; Basich; Blanton; Delvin; Goldsmith; Mastin and Sheahan.

Minority Report: Do not pass. Signed by 2 members: Representatives Benton and Scheuerman.

Staff: Suzi Morrissey (786-7120).

Background: In Washington, tuition fees for students attending most public colleges and universities are made up of two components, building fees and operating fees. Building fees provide part of the funding for facility repairs, renovations, and construction. Operating fees are used to provide part of the funding needed for instruction and institutional operations. Tuition rates for the 1995-96 and 1996-97 academic years are mandated in law. After the 1996-97 academic year, there is no statutory mechanism in place to determine tuition rates. In addition to tuition fees, institutions of higher education charge students a service and activities fee (S & A fee). The fee supports student activities and programs.

Governing boards may also charge user fees. These fees include fees for short and self-supporting courses, deposits, rentals, and fines. The fees also include laboratory,

gymnasium, health, and other special fees. With the exception of health fees, these fees are charged only to students using the specific service.

With the exception of technical colleges, public colleges and universities do not have the authority to charge special untargeted fees to students in different degree programs.

Summary of Substitute Bill: During the 1996-97 and 1997-98 academic years, the public baccalaureate institutions may engage in a tuition variance pilot project. Participating institutions may increase or decrease tuition rates by a maximum of 15 percent for students enrolled in one degree program.

The authority to participate in the pilot project is subject to four conditions. First the Higher Education Coordinating Board (HECB) must approve the tuition variance. Second, any revenue raised by a fee increase must be expended in the program where the money was raised. Third, each participating institution must consult with students in the affected degree program. The consultation will include a discussion of options for spending any revenue raised through the pilot project. Finally, participants must report to the HECB on the results of the project.

By January 5, 1998, the HECB will report to the Governor and appropriate legislative committees on the results of the pilot project. The report will include a recommendation on whether to eliminate, continue, or expand the authority to vary tuition by degree program.

Any money raised by the pilot project will not be subtracted from any state general fund appropriations for participating institutions of higher education.

Substitute Bill Compared to Original Bill: Baccalaureate institutions may vary tuition by one rather than three programs. Participating institutions must consult with students in the affected degree program. The consultation will include a discussion of options for spending any revenue raised by the pilot project.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on January 24, 1996.

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

Testimony For: Students enrolled in certain degree programs at public baccalaureate institutions are getting a terrific bargain. These programs, especially in the health sciences, provide students with a world-class education in fields that pay very lucrative starting salaries. In many instances, the equipment needed in these

programs is expensive to acquire and maintain. Faculty members are sometimes recruited nationally and internationally. Because these programs are expensive to offer, the numbers of students who can enroll are strictly controlled. Providing limited authority to raise fees in these types of programs would benefit students in the program, and may well provide additional enrollment opportunities for students who are now denied access to degree programs in high demand.

Testimony Against: The tuition authority provided in this legislation is a step toward local control of tuition. The authority to set tuition is an important policy issue that should remain with the people's elected representatives. Increasing tuition in a program may dissuade needy students from selecting that program. Any revenue from this legislation should be spent in a way that provides a tangible benefit to students in the program. The term "degree program" is open to more than one interpretation. Tracking the money spent in a program may cause a burden to institutional accountants.

Testified: George Durrie, Eastern Washington University (pro); Neely Stratton and David Reiter, Washington Student Lobby (con); Jasper McSlarrow, Amit Ranole, Mark Alway, Winston Danseco, Dawn Michelle Hewett, John Linder, Alexis Babcock, Martin Edlund, Barney Gill, Shelley Slate, Matt Hals, Nan Hossey and Larry Chin, University of Washington via video-teleconference (con); Elizabeth Stevenson, Shoreline Community College and Barbara Simonetti, Clark Community College via video-teleconference (con); Jesse Harris, John Robinson, Doug Wood, David Fassler, Michael Morris and Sarah Field, Washington State University via video-teleconference (con).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Higher Education be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Huff, Chairman; Clements, Vice Chairman; Pelesky, Vice Chairman; H. Sommers, Ranking Minority Member; Beeksma; Brumsickle; Carlson; Cooke; Dyer; Foreman; Hickel; Jacobsen; Lambert; McMorris; Poulsen; Reams; Sehlin; Sheahan and Talcott.

Minority Report: Do not pass. Signed by 11 members: Representatives Valle, Assistant Ranking Minority Member; Basich; Chappell; Crouse; Dellwo; Grant; Hargrove; Kessler; Linville; Rust and Wolfe.

Staff: Jennifer Priddy (786-7118).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Higher Education: No new changes were recommended.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on January 24, 1996.

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

Testimony For: None.

Testimony Against: The authority to set tuition is an important policy decision that should remain with the Legislature. Increasing tuition may dissuade needy students from selecting that program and create a financial standard for access to a particular education. The term "degree program" is open to more than one interpretation.

Testified: David Reiter, Washington Student Lobby.