

SENATE BILL REPORT

SB 5325

As Reported By Senate Committee On:
Higher Education, January 30, 1995
Ways & Means, February 2, 1995

Title: An act relating to higher education fiscal matters.

Brief Description: Changing higher education fiscal provisions.

Sponsors: Senators Rinehart, Bauer, Prince, Pelz, Sheldon, Kohl, Drew and Wood.

Brief History:

Committee Activity: Higher Education: 1/23/95, 1/30/95 [DPS-WM, DNP].
Ways & Means: 2/3/95 [DPS (HIE)].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 5325 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Bauer, Chair; Kohl, Vice Chair; Drew, McAuliffe, Prince, Sheldon and Wood.

Minority Report: Do not pass substitute.

Signed by Senators A. Anderson and West.

Staff: Jean Six (786-7423)

Background: The Washington Legislature has established in statute that tuition will be a percentage of the instructional cost at the public colleges and universities. For a number of years, the percentages were fixed at constant rates, although rates differed between graduate and undergraduate, resident and nonresident, and by type of institution. However, the 1993 Legislature increased the percentages for 1993-94 and again for 1994-95, leading to substantial increases in tuition.

With the increase in tuition as a percentage of cost and a greater reliance on tuition revenue, Washington is similar to other states. Results from a national survey by the American Association of State Colleges and Universities noted that: "The substantial increases in tuition and fee charges for the past two years, and overall for the past decade, indicate a continuing shift in the burden of payment for public education to students and parents." Extra tuition dollars are replacing tax support.

The cost study conducted by the Higher Education Coordinating Board establishes an average instructional cost per full-time equivalent student based on support made available by the Legislature. General fund-state has been going down. As the state support goes down, so will the tuition. That is what has happened this year. This circumstance has led some people to conclude that the current system for setting tuition in Washington is broken.

Summary of Substitute Bill: Tuition rate increases are linked to the growth in statewide per capita income and state policy commits the state to fund the core instructional costs of higher education in proportion to tuition. State policy commitment to maintaining proportionality of student and state support is codified. The Education Cost Study is continued.

The schools, including the technical colleges, are authorized to set aside 3.5 percent of their tuition and fee collections for a locally administered institutional financial aid fund that targets needy students in ways that best meet student and institutional needs.

The cap on the percentage of waivers to be granted for needy students is lifted. The institutions have flexibility in meeting the needs of their particular student populations.

Operating fees, deposited into a local account, may be retained across biennial lines. The institutions are to manage those savings for special initiatives or as a cushion against downturns in revenue or other emergencies.

Substitute Bill Compared to Original Bill: Technical changes are made to the tuition figures. Integrity of waiver authority is maintained.

Appropriation: None.

Fiscal Note: Requested on January 18, 1995.

Effective Date: The bill takes effect on July 1, 1995.

Testimony: Tuition must be considered within the context of a long-term vision for public higher education. Tuition policy must recognize the state's responsibility to fund core programs. There is a need to stabilize funding. The cost study needs to remain relevant. Who has tuition setting authority is not the main issue. Higher education funding policy must be addressed.

Testified: Senator Nita Rinehart; Terry Teale, Executive Director, Council of Presidents; Susan Patrick, Assoc. Director, Higher Education Coordinating Board; Al Froderberg, VP for External Affairs, WWU; Johan Hellman, WSL; Glenn Colbert, student, EWU; Brad Boswell, student, WWU; Larry Ganders, Senior Government Relations Specialist, WSU; Scott Morgan, Director of Financial Services, State Board for Community and Technical Colleges.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5325 as recommended by Committee on Higher Education be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Finkbeiner, Fraser, Gaspard, Hargrove, Long, Moyer, Pelz, Sheldon, Snyder, Spanel, Sutherland, Winsley and Wojahn.

Staff: Michael Groesch (786-7715)

Testimony: The current method of setting tuition rates is broken and a new method needs to be established. Policy on higher education access and tuition should be set by the Legislature (TESC). A high tuition/high aid model is not advisable for Washington and an enrollment policy needs to be established by the Legislature and could be included in the bill (WSU). Additional tuition flexibility for special circumstances would help institutions deal with local problems (UW).

Testified: Brad Boswell, ASWWU; Johan Hellman, WSL; Terry Teale, COP; Bob Edie, UW; Al Froderberg, WSU; Larry Ganders, Kim Merriman, TESC; Elson S. Floyd, HECB.