

SENATE BILL REPORT

SB 5699

As of February 16, 1999

Title: An act relating to tuition setting in higher education.

Brief Description: Changing higher education tuition provisions.

Sponsors: Senators Thibaudeau, McDonald, Snyder and Kohl-Welles.

Brief History:

Committee Activity: Higher Education: 2/19/99.

SENATE COMMITTEE ON HIGHER EDUCATION

Staff: Jean Six (786-7423)

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 (UW): 8.3 percent for nonresident undergraduates; 7.3 percent for resident law students; and 6.7 percent for nonresident law students. 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 3-9 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 resident undergraduate tuition.

Closely linked to tuition policy is financial aid policy. Needy Washington residents attending accredited Washington public and private vocational schools and institutions of higher

education are eligible to receive state funded student financial aid. Since 1977, the statute has contained intent language linking increases in tuition with an increase in dollars appropriated for the State Need Grant program. The Legislature consistently has 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.

The 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 nonappropriated funds depends on the specific budget language used.

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

As an option, UW may increase the previous quarter's operating fees for full-time, resident undergraduate students up to \$50 per quarter for each quarter of academic years 1999-2000 and 2000-01.

Surcharges: The surcharge applied to tuition and fees for students enrolled for fewer than two credit hours applies only to students at the University of Washington.

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

Building Fee: The building fee increases at the same rate as the operating fee for each tuition category.

Appropriation: None.

Fiscal Note: Requested on January 29, 1999

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