

SENATE BILL REPORT

SB 6297

AS OF JANUARY 28, 1992

Brief Description: Restructuring higher education tuition and fees.

SPONSORS: Senators Saling and Erwin

SENATE COMMITTEE ON HIGHER EDUCATION

Staff: Jean Six (786-7423)

Hearing Dates: February 3, 1992; February 4, 1992

BACKGROUND:

Tuition

In Washington, tuition is established in statute as a fixed percentage of educational costs. The percentage, which has remained constant for a decade, varies according to the type of student and the type of institution attended. The educational cost formula used to determine tuition is developed by the Higher Education Coordinating Board (HEC B).

Tuition includes two components: building fees and operating fees. Building fees are a fixed dollar amount in statute which has not been increased since 1981. Building fees are deposited in institutional building accounts and are used to repay bonds used for capital construction, renovation, and equipment. Operating fees make up the remainder of tuition and under current law are deposited in the general fund within 35 days after registration closes in any quarter or semester.

Students also pay services and activities (S&A) fees. These fees are determined by institutional governing boards. There is no statutory minimum for S&A fees; however, S&A fees cannot increase more than the percentage that tuition increases in any year. S&A fees are kept locally and are used for student programs.

Students at technical colleges pay a tuition rate that is comparable to the percentage that students pay at community colleges. However, the tuition percentages are not yet determined in statute. Following the conversion from technical institutes, the technical colleges were given a two year grace period to work out appropriate percentages.

Waivers

Over the past 50 years, the Legislature has established and expanded a structure of tuition and fee waivers, residency exemptions and reduced fee courses to serve many social and

institutional objectives. Between 1979-80 and 1992-93, student operating fees waived through mandatory and permissive waiver programs, residency exemptions and reduced fee courses will have increased 563 percent, from \$11.2M to \$74.8M. In 1990 and in 1991 the HEC B studied and recommended modifications to waiver programs.

The 1991 Omnibus Appropriations Act directed the HEC B to develop and recommend evaluation criteria, including but not limited to consideration of financial need, for waiver programs and to review and evaluate at least half of the existing programs by June 30, 1993. The HEC B has recommended that waivers be made permissive and that the amount waived be reduced. In addition, each state university, state college, and the community college system shall include a special report on tuition and fee waivers in its biennial budget request.

Financial Aid

The amount of money going into the state financial aid program administered by the HEC B is determined in the appropriations act using the previous base plus an amount equal to 24 percent of the estimated revenue that will be received as a result of tuition increases in public institutions for state-funded full-time equivalent students. In 1977, when the formula was adopted, 24 percent of the full-time students attending public colleges and universities were receiving financial aid. In 1992, that percentage is about 38 percent. The percentage climbs to more than 40 percent when full-time resident students at private institutions are included.

During the 1991-93 biennium, \$73,419,000 was appropriated for student financial aid programs. Most of the funds are used to support the state need grant and work study programs. The average family income of students aided in the need grant program is less than \$15,000 per year. The amount of funding for the need grant program provided grants to 20,550 low income students during the 1991-92 academic year. The funding was not sufficient to fund an additional 17,726 low-income students who were eligible for a state need grant.

SUMMARY:

Tuition

Tuition statutes are revised to give institutional governing boards the authority to deposit operating fees into a local account instead of reverting to the state general fund. The local account will earn interest and will not have to be spent in one biennium. Local tuition funds may be used for one-time-only bonuses to faculty or staff, but such bonuses may not be added to the salary data base upon which salary increases are calculated.

Beginning in the 1992-93 academic year, the statutory percentage of educational costs shall be revised. For the research institutions, the percentage shall be 35 percent for

resident undergraduates and graduates; the percentage shall be 115 percent for nonresident undergraduates and graduates. For the regional universities and The Evergreen State College, the percentage shall be 30 percent for resident undergraduates and graduates; the percentage shall be 110 percent for nonresident undergraduates and graduates. Tuition at the community colleges shall be 25 percent of educational cost for resident students and 105 percent for nonresident students.

Waivers

All statutory waivers and grants are made permissive and may be either a full or partial waiver or exemption; authority to grant waivers or exemptions is the responsibility of the institutions.

There is no limitation placed upon the offering of waivers or exemptions. However, no student attending an institution on a full or partial waiver or exemption can be counted toward state funded enrollment for budget purposes. All state-funded FTEs will be full tuition-paying students. (This policy does not apply to reduced fee courses at community colleges: Adult Basic Education, Parent Education, Apprenticeship, Problems of Aging, Emergency Medical Technician.)

Financial Aid

Institutions are required to transmit an amount equal to 24 percent of the increased revenue resulting from tuition increases to the state general fund. The legislative intent that 24 percent of any increase in tuition revenue be appropriated for increases in the state financial aid program is continued.

Appropriation: none

Revenue: yes

Fiscal Note: requested January 20, 1992

Effective Date: July 1, 1992