

HOUSE BILL REPORT

HB 1437

As Reported by House Committee On:
Higher Education

Title: An act relating to tuition-setting authority at institutions of higher education.

Brief Description: Changing tuition provisions for institutions of higher education.

Sponsors: Representatives Kenney, Cox, Fromhold and Wallace; by request of Governor Locke.

Brief History:

Committee Activity:

Higher Education: 2/5/03, 3/5/03 [DPS].

Brief Summary of Substitute Bill

- For a six-year period (through 2008-09), authorizes the governing boards of the four-year institutions of higher education and the State Board for Community and Technical Colleges to establish tuition and fees for all students other than resident undergraduate students.
- Provides that the Legislature will establish tuition for resident undergraduate students in the biennial operating budget.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Kenney, Chair; Fromhold, Vice Chair; Priest, Assistant Ranking Minority Member; Berkey, Gombosky, Jarrett, Lantz, McCoy and Morrell.

Minority Report: Do not pass. Signed by 6 members: Representatives Cox, Ranking Minority Member; Boldt, Buck, Chase, Clements and Condotta.

Staff: Barbara McLain (786-7383).

Background:

Recent Tuition Policy: Over the last 10 years, the Legislature has set tuition for students

attending public institutions of higher education using three different approaches:

1. Prior to 1995: Establishing in statute that tuition is calculated as a "percent of educational costs;"
2. 1995-1998: Establishing annual tuition rates directly in statute; and
3. Since 1999: Authorizing annual tuition increases in the biennial operating budget.

Since 1999 the Legislature has also provided some flexibility for institution governing boards within the overall limits in the operating budget. Institutions can raise tuition "up to" the maximum authorized by the Legislature. Institutions are not required to adopt the same tuition increase for all categories of students, but may differentiate among resident, non-resident, undergraduate, graduate, law, or professional students.

2002 Legislative Session: In the 2002 supplemental operating budget, the Legislature for the first time gave institutional governing boards unlimited authority to increase tuition for the 2002-03 academic year for all categories of students other than resident undergraduate. Tuition increases for resident undergraduate students continued to be established by the Legislature in the operating budget.

Summer School and Self-Supporting Programs: Institutional governing boards currently have statutory authority to establish fees for enrollment in summer school and other self-supporting degree programs or courses. Under Initiative 601, however, fee increases may not exceed the fiscal growth factor (3.29 percent for fiscal year 2003) unless specifically authorized by the Legislature. Since 1999 the operating budget has authorized institutions to increase summer school fees above the fiscal growth factor.

Services and Activities Fees: Institutional governing boards also have authority to establish services and activities fees for student activities and programs, but the annual increase in these fees cannot exceed the overall tuition increase for a particular category of students.

Summary of Substitute Bill:

For a six-year period (through 2008-09), governing boards of four-year institutions of higher education and the State Board for Community and Technical Colleges are authorized to reduce or increase full-time tuition fees for all students other than resident undergraduates, including summer school students and students in other self-supporting degree programs. Increases may exceed the fiscal growth factor. It is the Legislature's intent that governing boards make additional financial aid available to needy resident students to mitigate the impact of tuition increases.

The Legislature will establish tuition and fees for resident undergraduate students in the biennial operating budget. Annual increases in services and activities fees are not to

exceed the rate of increase in overall tuition for resident undergraduate students.

Substitute Bill Compared to Original Bill:

The Legislature will establish tuition and fees for resident undergraduate students in the biennial operating budget. The institutional tuition-setting authority in the bill lasts only for a six-year period. A statement of legislative intent regarding additional financial aid for needy resident students is added. The policy regarding increases in services and activities fees is clarified.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The institutions of higher education should have this tuition-setting authority established in statute, rather than having to wait from year to year for the Legislature to make a decision. For nonresident and graduate students, the universities compete in a national and sometimes international market and they should have the opportunity to compete fully. Institutions should have the tools to be the most effective managers they can be, particularly given uncertainties about state funding. However, the state must at the same time maintain its commitment to state support for institutions and financial aid.

Testimony Against: Last year was a good example of what the regents and trustees will do with unlimited tuition-setting authority: dramatic increases took place after students had made their acceptance decisions. The notion of setting tuition at whatever level the market will bear is a policy of efficiency, but not equity. Students have access to the Legislature; they do not have access to members of governing boards. Higher education is a vital public good and it should remain fundamentally public, not just publicly-supported or publicly-assisted. Therefore tuition-setting authority belongs with the Legislature.

Testified: (In support) Debora Merle, Governor's Policy Office; Theo Yu, Office of Financial Management; Terry Teale, Council of Presidents; Dick Thompson, University of Washington; Jenni Kothavale, University of Washington Business Graduate Student; Steve Mullen, Washington Roundtable; and Jane Yung Dennie, Washington State University.

(With concerns) Marc Gaspard, Higher Education Coordinating Board.

(Opposed) Brooke Lather, Graduate and Professional Student Senate; and James McMahan, Washington Student Lobby.