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## Higher Education Committee

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### HB 1997

**Brief Description:** Assisting institutions of higher education in managing over enrollment.

**Sponsors:** Representatives Cox, Priest, Kenney, Jarrett, Clements, Fromhold, Buck, Moeller, Edwards and Chase.

#### Brief Summary of Bill

- Makes certain criteria for determining whether a student is eligible to pay in-state tuition at public institutions of higher education more strict.
- Establishes a tuition surcharge based on the full cost of instruction for certain undergraduate students: those with excess credits, those who enroll as full time but drop during a quarter or semester to less than full-time status, and those on continued academic probation. Certain types of credits are exempted and students may petition for a hardship waiver.

**Hearing Date:** 2/28/03

**Staff:** Barbara McLain (786-7383).

#### Background:

**Residency Requirements.** If a student is considered financially independent, residency determinations for purposes of paying in-state tuition are based on whether the student is domiciled in Washington, not the domicile of the parents or legal guardian. Rules adopted by the Higher Education Coordinating Board (HECB) permit institutions of higher education to examine a wide range of evidence regarding financial independence.

Also, any nonresident student who enrolls in a Washington institution for more than six credits is considered to be in the state primarily for educational purposes and pays nonresident tuition. In an attempt to establish or change to resident status, students can present evidence that they are domiciled in the state for reasons other than educational. The student must show "satisfactory" proof with this evidence.

The HECB is considering changes to residency rules that allow institutions to examine additional evidence of financial independence and use a standard of "convincing" proof of

in-state domicile for other than educational purposes.

***Credit Accumulation.*** To encourage student progress toward degree completion, both state and federal financial aid programs impose limits on student eligibility for financial aid based on accumulated credits. The federal limit is 150 percent of required credits for the program. The State Need Grant limit is five full-time years of study or 125 percent of required credits.

Information collected by the HECB from the four-year institutions and the State Board for Community and Technical Colleges suggests that perhaps 15 percent of graduating students exceed 120 percent of the credits needed for academic program completion.

***Dropped Classes and Academic Probation.*** To discourage students from casually dropping classes, institutions typically have policies where students forfeit some or all of any tuition refund that would otherwise result from a reduced number of credits. The later in the semester or quarter the student drops classes, the larger the forfeiture.

Policies regarding academic probation vary by institution, but generally students remain on probation until their academic performance reaches the institution's standard. If it takes students more than one quarter or semester to reach the overall standard, they can stay enrolled only if their performance for the quarter or semester meets a particular standard. Students who are dropped due to low scholarship and later readmitted are considered on academic probation until their overall performance meets the institution's standard.

***Instructional Costs:*** For public institutions of higher education, the cost of instruction is supported by tuition revenue and state general fund appropriations. Each year the HECB calculates a per-student amount of state support for instruction, which for resident undergraduate students varies from approximately \$3,700 at community and technical colleges to \$5,000 and more at the four-year institutions. There is no state support for nonresident students; tuition rates far exceed the cost of instruction.

### **Summary of Bill:**

The Legislature's intent is to provide policy tools to assist institutions of higher education in managing overenrollment of students.

***Residency Requirements.*** The HECB rules regarding whether a student is financially independent will include consideration of the amount of direct or indirect financial assistance received from the student's parents or legal guardian, and whether a student is receiving assistance from a trust fund. Unless proven otherwise, a trust fund is considered evidence of financial dependence. The standard of proof that students are residing in the state for purposes other than primarily educational is changed from "satisfactory" to "convincing."

***Tuition Surcharge.*** A tuition surcharge is created based on the average net cost of instruction for undergraduate students at each institution, as calculated annually by the HECB. The net cost is the total instructional cost per student minus the operating fee (tuition) revenue per student.

***Credit Accumulation.*** Undergraduate students at a four-year institution with more than 120

percent of the credits needed for a bachelor's degree must pay the tuition surcharge. Students at a two-year institution with more than 122 percent of the credits needed for an associate degree or certificate also pay the surcharge.

Certain credits are excluded from a student's accumulated total: credits earned at private or out-of-state institutions or Advanced Placement programs; at a community or technical college prior to transfer; by dislocated workers or in job training programs; by students in double-degree programs; by K-12 teachers pursuing required continuing education; and by out-of-state students participating in the border county pilot project.

***Dropped Classes and Academic Probation.*** Students who enroll as full time at the beginning of the quarter or semester, but drop courses and fall below full time pay the tuition surcharge on all courses for which they were originally registered. Students placed on academic probation receive a one-quarter or semester grace period, but thereafter pay the surcharge if they are still on probation. Students who have been reinstated after dismissal due to low scholarship pay the surcharge while they are on probation.

***Petition for Waiver.*** Students who believe that extraordinary or unforeseen circumstances or institutional constraints caused them to be required to pay the tuition surcharge may petition for a special waiver. Each institution must create a process for processing and hearing student petitions, and may impose a reasonable processing fee to discourage frivolous petitions.

**Appropriation:** None.

**Fiscal Note:** Requested on February 24, 2003.

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