

SENATE BILL REPORT

SB 5448

As Reported By Senate Committee On:
Higher Education, March 3, 2003

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

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

Sponsors: Senators Carlson, Kohl-Welles, Mulliken, Horn, Brown and Schmidt; by request of Governor Locke.

Brief History:

Committee Activity: Higher Education: 2/24/03, 3/3/03 [DPS-WM].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 5448 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Carlson, Chair; Schmidt, Vice Chair; Horn, Kohl-Welles and Mulliken.

Staff: Jean Six (786-7423)

Background: The Legislature has debated a number of issues in the quest for a new tuition policy since the practice of calculating tuition as a "percent of the educational costs" was discontinued in 1995. From 1995 to 1998, annual tuition rates were established directly in statute. From 1999-2002, the budget document has provided some local authority for institutional governing boards, within the overall limits in the operating budget, to establish tuition levels "up to" the maximum authorized by the Legislature. Governing boards were not required to adopt the same tuition increase for all categories of students but might differentiate among resident, nonresident, undergraduate, graduate, law or students in professional programs.

In the 2002 supplemental budget, the Legislature for the first time gave institutional governing boards unlimited authority to increase tuition for academic year 2002-03 for all categories of students other than resident undergraduate. The Legislature maintains the authority to establish in the operating budget, not in statute, the tuition levels for resident undergraduate students.

Institutional governing boards currently have statutory authority to establish fees for enrollment in summer school and other self-supporting degree programs or courses. However, under Initiative 601 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.

Institutional governing boards also have the 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 student.

Summary of Substitute Bill: For six years, the governing boards of the four-year institutions of higher education and the State Board for Community and Technical Colleges are authorized to reduce or increase full-time tuition rates 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. Explicit language gives tuition setting authority to the Legislature for setting resident undergraduate student tuition fees for six years.

Annual increases in services and activities fees do not exceed the rate of increase in overall tuition for the resident undergraduate student category. For the 2003-04 academic year, the services and activities fees are based on the resident undergraduate rates from 2002-03.

For needy low and middle income resident law students, additional financial aid is provided from a portion of the revenue raised from the law school tuition rate increases beginning in academic year 2000-01 through 2008-09.

Substitute Bill Compared to Original Bill: The intent section is strengthened to emphasize the Legislature's reluctance to rely on tuition without a further commitment to the public good. The policy is limited to six years. Financial aid is made available for needy resident law students.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Institutional authority as given in the budget has been used responsibly. A technical amendment to clarify the responsibility of the Legislature to set tuition for the undergraduate resident student would be considered a friendly amendment. Tuition policy discussion is linked to general fund state (GFS) support and to financial aid policy. It is important to be able to react to market demands especially when general fund support is decreasing. Current practice will be continued to maintain a link between tuition increases and increases in state need grant. Financial aid for graduate students is not available at the state level at this time. Institutions need this authority as a management tool, and prefer local control over resident undergraduate tuition levels as well.

Testimony Against: WSL is opposed to local tuition setting authority. Just because this bill leaves resident undergraduates under the authority of the Legislature does not make it a good policy. The system should remain public, not public supported or public assisted. Tuition is not the issue in isolation; what about GFS? It is not a good time to establish a tuition policy. Financial aid cannot keep pace with the substantial tuition increases. Higher education is a public good, not a market commodity. Unmet need is increasing. Affordability is a real concern. What about quality? UW students are concerned about the Legislature giving up control and giving it to the local governing boards. Sixty percent of

the need met is now down to 54 percent at UW. There is an exponential increase in borrowing. It is much easier to access legislators than regents. They are not elected officials. Without going through administration, we cannot take things to the board. We must maintain the link between tuition, financial aid and GFS. It is not a unanimous position of support by the HECB. At least two members do not support this. There must be a public, open process for setting tuition. It would not occur in a vacuum. The Legislature continues to control GFS. Other states give authority to the governing boards and UW wants it in total. Students are concerned about financial constraints of huge loan debt for law students. Administration is diverting GFS from law school to other programs. The need is great for the loan repayment program. There was a 99.4 percent increase in just two years. UW is the only public law school and it is becoming prohibitive to pay the rapidly increasing tuition. There are a lot of people who are not eligible for financial aid but who will be stopped by the huge tuition increases. WSU plans modest increases. The main concern is state funding. Law school library costs are significant. Endowments are being developed to help students.

Testified: Theo Yu, OFM (pro); Terry Teale, COP (pro); James McMahan, WSU, WSL (con); Brooke Lather, UW, GPS (con); Ben Medina, UW, WSL (con); David Nixon, UW, GPS (con); Bruce Botka, HECB (pro); Steve Mullin, WA Roundtable (pro); Selena Davis, UW law student (con); Ali Erskine, UW law student (con); Dick Thompson, UW, Gov. Rel. (pro); Jane Yung Dennie, WSU (pro).