

Testimony on Governor Locke's 2005-07 Budget Request

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Thank you, Madam Chair and members of the Committee, for the opportunity to testify before you today. My name is James Corning, and I am the legislative liaison from the Associated Students of the University of Washington and a member of the Washington Student Lobby team. I'm pleased to have the opportunity to express the views of Washington's public university students about Governor Locke's budget request for the 2005-2007 biennium.

As you all know, we are rapidly approaching a crisis in Washington's higher education system. With continuing budget deficits, higher education continues to be funded at maintenance levels or below. We appreciate that Governor Locke's budget does not propose significant funding cuts, but that simply is not enough. Our state is headed in the wrong direction, and only a strong commitment by this Legislature to properly fund higher education will reverse the trend.

It is far too easy to blame the funding problem on budget deficits and insufficient general funds. The fact is, until higher education is made a budget priority and funded properly, this crisis will grow until the system collapses inward. Higher education is absolutely critical to our state's economic development. An educated workforce is responsible for the innovation that has driven our state's biotechnology and high-tech booms.

During the last 50 years, the University of Washington alone has inspired more than 170 new companies from the innovative research done by students, faculty, and staff. As of June 2002, four of the top ten fastest-growing companies in the state of Washington were founded by or closely tied to UW graduates. It is essential that we keep our best and our brightest in this state and not let them be drained away by other schools and businesses outside of Washington.

The best way to follow through on our shared commitment to higher education is to ensure that our universities are well-funded. However, this funding cannot rest on tuition increases coupled with minimal financial aid support. The fact is, students have been bearing an increasing share of the burden of paying for education. Over the past decade, the student share of the cost of instruction has gone from 33% to over 51%.¹ In other words, we are transitioning from a public university system to a private university system that is partially subsidized by state funds.

¹ Source: McIntyre, Jerilyn S. "Campuses have enough room for new students, if state pays." *The Tacoma News Tribune*, 01/09/2005.

A large part of this problem can be blamed on the counter-intuitive method of determining tuition levels. Tuition is not tied to any economic indicators – inflation, median family income, or anything else that would keep tuition affordable and predictable. Instead, tuition is used as a stop-gap funding mechanism to make up for shortfalls and cuts in general fund support. The size of the shortfall determines the level of tuition increase, and this has led to wildly varying tuition increases in the past decade. Many have expressed serious concerns about future of the Higher Education Coordinating Board’s Guaranteed Education Tuition (GET) Program because of this lack of predictability. While it may be convenient for budgeting purposes to use tuition to back-fill general fund shortfalls, it is pricing Washington’s families out of higher education and this policy must be changed.

The unpredictable increases in tuition levels and stagnant general fund support are two key problems with higher education which will be exacerbated by the proposed budget, but it’s also important to note that financial aid is not keeping pace with tuition. Governor Locke’s budget proposes to set an incredibly dangerous precedent: by granting institutions limited tuition-setting authority and failing to provide sufficient financial aid out of general fund moneys, our state will continue down the path towards a high-tuition, low-aid model that will price low- and middle-income families right out of college. This proposal is poorly thought out and fraught with problems.

Typically, we have described higher education funding as a three-legged stool; the legs of which are general fund support, tuition, and financial aid. However, because general fund support and financial aid have not kept pace with tuition, we can no longer ignore rising student debt levels – the new fourth leg of the stool. In 2002, the national average debt for obtaining a Bachelor’s degree was over \$18,000 per student.² The 2003 graduating class from the University of Washington had incurred approximately \$50.4 million in debt by the time of graduation.³ For our students who can afford to stay in state and attend our universities, they are becoming saddled with seemingly insurmountable debt. This is why the National Center for Public Policy and Higher Education’s 2004 state-by-state report card gave Washington State an ‘F’ in the category of affordability.⁴

The citizens of this state deserve an affordable, high-quality, and well-funded higher education system. At this critical juncture, without a change in direction and a commitment to make our higher education system one of the best in the country, this state stands to lose the incredible social and economic benefits that higher education has upon our workforce, our innovative spirit, our communities, and our state’s economic growth. As students, we are counting on your vision and your wisdom during this session.

Again, I’d like to thank the members of this committee for the opportunity to testify before you today, and we hope to work with all of you in the coming months as you tackle these difficult issues.

² Source: 2002 National Student Loan Survey, Nellie Mae

³ Source: 2003-2004 Common Data Set, University of Washington Office of Institutional Studies

⁴ Source: “Measuring Up: The National Report Card of Higher Education”, National Center for Public Policy and Higher Education, 2004.