

SB 2551

LATE

Testimony

Measure Title: RELATING TO THE UNIVERSITY OF HAWAII.

Report Title: University of Hawaii; Tuition and Fees

Description: Repeals the University of Hawaii tuition and fees special fund and transfers remaining unencumbered balance to the general fund. Provides for the deposit of University of Hawaii tuition and related student fees into the general fund.

Companion: [HB1492](#)

Package: None

Current Referral: HRE, WAM

Introducer(s): TANIGUCHI

HEPC TESTIMONY
February 4, 2014
Senate Committee on Higher Education
Presented by Dr. Jim Shon, Director

RE: SB 2551 RELATING TO THE UNIVERSITY OF HAWAII.

Repeals the University of Hawaii tuition and fees special fund and transfers remaining unencumbered balance to the general fund. Provides for the deposit of University of Hawaii tuition and related student fees into the general fund.

HEPC STRONGLY SUPPORTS THIS BILL

Discussion: At the time the Legislature enacted the law that allowed the University of Hawaii to retain its tuition, many supported the measure in the spirit of UH autonomy. As a member of the Legislature at that time, I cast the only NO vote. This was not because of a reticence to grant the UH more autonomy, but rather a concern that the legislature would, over time, lessen its commitment to full funding.

It is common when there are two or more sources of funding, no one agency takes full responsibility. I feared there would always be that temptation of the Legislature to say, or imply, if UH wants more money, it can always raise tuition.

Unfortunately, that is exactly what has happened. Today, UH Manoa must provide approximately 50% of all its funding through tuition. We have, as a public policy, shifted the burden of funding higher education from the entire State, to the students themselves.

Obviously, this creates a greater burden on families with less income. While there is always the option of students attending a less expensive community college, in fact, the courses are not the same, and the transfer rate from community colleges to UH Manoa, UH Hilo, or UH West Oahu is not impressive, particularly for minorities and lower income students.

In 2013, The College Board published its trend report in college costs, including tuition.

<http://trends.collegeboard.org/sites/default/files/college-pricing-2013-full-report-140108.pdf>

Figures 7 and 8 of this report show that Hawaii has higher 5- year average increases than the national average. For resident tuition in four-year institutions, the national averaged five-year increase was 21%, while Hawaii's average was 47%. For out of state tuition, the national average 5-year tuition increases for four-year institutions was 19%; Hawaii was 50%. (See charts at the end of this testimony.)

Recommendations: Perhaps this is a good time to encourage a thoughtful discussion between the two major funders: the Legislature and the UH Board of Regents – which has authority to set tuition levels. This could be done by amending the bill to set a policy cap on the percentage

of specific campus or college costs that tuition may cover. Anything over that amount can go to the general fund, but this cap or cut off could be set significantly lower than the current mix, perhaps 30% - with the rest coming from general funds. As a partial movement towards this, the Legislature could set up a working committee of legislators, the UH BOR, other stakeholders, etc., to recommend the appropriate percentage limit that tuition could cover.

Should the Legislature opt for such a working group, HEPC would be happy to assist, either as a member, or as staff for the group.

Acknowledging that tuition should not continue to rise and that the Legislature should have a greater responsibility for full and adequate funding is taking a risk. There is no guarantee that this added responsibility will result in adequate funding. Yet this risk may be worth taking if it is able to lower tuition and provide a first class higher education for all of Hawaii's people, regardless of income. To start down this path does not necessarily mean that the BOR will have no responsibility for setting appropriate tuition levels, only that anything over X% would go to the general fund.

Sincerely,

Jim Shon, Director

Figure 7. Average 2013-14 In-State Tuition and Fees at Public Four-Year and Two-Year Institutions, by State, and Five-Year Percentage Changes in Inflation-Adjusted Tuition and Fees, 2008-09 to 2013-14

| State | | 2013-14 | | 5-Year % Change in Tuition and Fees | |
|-----------|----------------------|-----------------|------------------|-------------------------------------|------------------|
| | | Public Two-Year | Public Four-Year | Public Two-Year | Public Four-Year |
| WY | Wyoming | \$2,604 | \$4,404 | 22% | 15% |
| AK | Alaska | \$4,032 | \$5,885 | 20% | 18% |
| UT | Utah | \$3,311 | \$5,906 | 22% | 30% |
| NM | New Mexico | \$1,696 | \$5,987 | 39% | 25% |
| MT | Montana | \$3,158 | \$6,211 | 2% | 10% |
| WV | West Virginia | \$3,096 | \$6,251 | 18% | 25% |
| ID | Idaho | \$3,686 | \$6,325 | 56% | 29% |
| FL | Florida | \$3,140 | \$6,336 | 29% | 56% |
| NV | Nevada | \$2,700 | \$6,387 | 32% | 37% |
| NC | North Carolina | \$2,242 | \$6,514 | 56% | 40% |
| LA | Louisiana | \$3,307 | \$6,546 | 60% | 51% |
| MS | Mississippi | \$2,386 | \$6,558 | 27% | 25% |
| OK | Oklahoma | \$3,290 | \$6,583 | 15% | 10% |
| NY | New York | \$4,655 | \$6,919 | 20% | 27% |
| AR | Arkansas | \$2,960 | \$7,238 | 21% | 15% |
| ND | North Dakota | \$4,106 | \$7,265 | 1% | 12% |
| NE | Nebraska | \$2,683 | \$7,315 | 13% | 16% |
| SD | South Dakota | \$5,797 | \$7,717 | 33% | 28% |
| KS | Kansas | \$2,584 | \$7,729 | 23% | 21% |
| GA | Georgia | \$3,609 | \$7,823 | 62% | 65% |
| IA | Iowa | \$4,396 | \$7,841 | 18% | 15% |
| TN | Tennessee | \$3,762 | \$8,036 | 28% | 33% |
| MO | Missouri | \$2,983 | \$8,093 | 9% | 5% |
| MD | Maryland | \$3,988 | \$8,475 | 13% | 8% |
| TX | Texas | \$2,222 | \$8,522 | 26% | 16% |
| OR | Oregon | \$4,441 | \$8,605 | 25% | 30% |
| KY | Kentucky | \$4,321 | \$8,692 | 10% | 20% |
| WI | Wisconsin | \$4,173 | \$8,736 | 15% | 21% |
| US | United States | \$3,264 | \$8,893 | 29% | 27% |
| IN | Indiana | \$3,809 | \$8,916 | 14% | 16% |
| CA | California | \$1,424 | \$9,037 | 111% | 57% |
| CO | Colorado | \$3,774 | \$9,096 | 39% | 48% |
| HI | Hawaii | \$3,254 | \$9,097 | 40% | 47% |
| AL | Alabama | \$4,143 | \$9,143 | 38% | 44% |
| ME | Maine | \$3,397 | \$9,391 | 1% | 9% |
| OH | Ohio | \$4,362 | \$9,906 | 29% | 15% |
| AZ | Arizona | \$2,323 | \$10,065 | 20% | 70% |
| CT | Connecticut | \$3,786 | \$10,206 | 19% | 20% |
| VA | Virginia | \$4,349 | \$10,366 | 43% | 29% |
| MN | Minnesota | \$5,406 | \$10,468 | 12% | 19% |
| MA | Massachusetts | \$5,144 | \$10,792 | 23% | 23% |
| WA | Washington | \$4,304 | \$10,811 | 37% | 58% |
| RI | Rhode Island | \$3,950 | \$10,922 | 20% | 33% |

| | | | | | |
|----|----------------|---------|----------|-----|-----|
| SC | South Carolina | \$4,408 | \$11,138 | 24% | 15% |
| DE | Delaware | \$3,274 | \$11,261 | 17% | 28% |
| MI | Michigan | \$3,215 | \$11,600 | 23% | 20% |
| IL | Illinois | \$3,378 | \$12,550 | 22% | 18% |
| NJ | New Jersey | \$4,274 | \$12,715 | 13% | 11% |
| PA | Pennsylvania | \$4,407 | \$12,802 | 24% | 16% |
| VT | Vermont | \$7,090 | \$13,958 | 15% | 16% |
| NH | New Hampshire | \$6,736 | \$14,665 | 13% | 34% |

SOURCE: The College Board, Annual Survey of Colleges.
This table was prepared in October 2013.

Figure 8. Average 2013-14 Out-of-State Tuition and Fees at Public Four-Year Institutions, by State, and Five-Year Percentage Changes in Inflation-Adjusted Tuition and Fees, 2008-09 to 2013-14

| State (and Percentage of First-Time Freshman Students Who are State Residents) | 2013-14 Out-of-State Tuition and Fees | State | 5-Year % Change |
|--|---------------------------------------|----------------|-----------------|
| SD (68%) | \$10,303 | South Dakota | 35% |
| WY (63%) | \$14,124 | Wyoming | 21% |
| AR (82%) | \$16,136 | Arkansas | 20% |
| MS (85%) | \$16,854 | Mississippi | 29% |
| NY (81%) | \$17,148 | New York | 39% |
| NE (81%) | \$17,243 | Nebraska | 12% |
| NM (82%) | \$17,401 | New Mexico | 21% |
| MN (79%) | \$17,530 | Minnesota | 22% |
| ND (55%) | \$17,704 | North Dakota | 12% |
| OK (80%) | \$17,710 | Oklahoma | 14% |
| WV (59%) | \$17,801 | West Virginia | 17% |
| MO (80%) | \$18,388 | Missouri | 13% |
| UT (76%) | \$18,416 | Utah | 29% |
| AK (83%) | \$18,856 | Alaska | 25% |
| ID (68%) | \$18,896 | Idaho | 28% |
| KY (83%) | \$19,741 | Kentucky | 21% |
| MT (73%) | \$20,150 | Montana | 16% |
| LA (86%) | \$20,240 | Louisiana | 69% |
| WI (81%) | \$20,378 | Wisconsin | 10% |
| FL (84%) | \$20,390 | Florida | 13% |
| NV (91%) | \$20,399 | Nevada | 24% |
| KS (80%) | \$20,783 | Kansas | 26% |
| MD (81%) | \$21,026 | Maryland | 6% |
| NC (83%) | \$21,352 | North Carolina | 24% |

| | | | |
|-----------------|-----------------|----------------------|------------|
| AL (75%) | \$21,525 | Alabama | 43% |
| TX (92%) | \$21,730 | Texas | 17% |
| OH (85%) | \$22,181 | Ohio | 5% |
| US (81%) | \$22,203 | United States | 19% |
| ME (74%) | \$23,007 | Maine | 12% |
| IA (62%) | \$23,471 | Iowa | 17% |
| MA (63%) | \$23,516 | Massachusetts | 15% |
| PA (73%) | \$24,042 | Pennsylvania | 15% |
| TN (84%) | \$24,301 | Tennessee | 33% |
| AZ (70%) | \$24,455 | Arizona | 28% |
| GA (83%) | \$24,609 | Georgia | 19% |
| NH (55%) | \$24,987 | New Hampshire | 10% |
| CA (92%) | \$25,124 | California | 22% |
| WA (84%) | \$25,189 | Washington | 19% |
| NJ (92%) | \$25,236 | New Jersey | 21% |
| HI (81%) | \$25,296 | Hawaii | 50% |
| OR (76%) | \$25,807 | Oregon | 31% |
| CT (69%) | \$26,365 | Connecticut | 14% |
| IL (83%) | \$26,617 | Illinois | 12% |
| RI (44%) | \$26,646 | Rhode Island | 6% |
| CO (77%) | \$26,724 | Colorado | 13% |
| SC (79%) | \$27,198 | South Carolina | 22% |
| IN (80%) | \$27,510 | Indiana | 17% |
| DE (60%) | \$27,818 | Delaware | 31% |
| VA (76%) | \$28,468 | Virginia | 23% |
| MI (91%) | \$31,463 | Michigan | 16% |
| VT (36%) | \$34,055 | Vermont | 18% |

SOURCES: The College Board, Annual Survey of Colleges; NCES, *Digest of Education Statistics 2011*, Table 232.

This table was prepared in October 2013.