

Title: SUPPORT FOR PROGRESSIVE REVENUE SOURCES TO FILL GAPS IN HIGHER EDUCATION FUNDING IN WASHINGTON STATE

Sponsored by: GPSS State Legislative Advisory Board – Kelsey Hood (Vice President of External Affairs), Micah Buuck (Physics), Brittany Bishop (Chemical Engineering), Michael Diamond (Atmospheric Sciences)

Written by: Kelsey Hood (Vice President of External Affairs)

Resolution Number: 01.18-19

WHEREAS funding for higher education is cyclical across the nation, and higher education receives less government support during revenue shortages and economic recessions;¹ and

WHEREAS nationwide per-student state-level funding for higher education has dropped 16% since the Great Recession, despite total state budget revenues being 11% higher in 2017 than in 2008;² and

WHEREAS enrollment in higher education increased after the start of the recession, but declined in the following years;³ and

WHEREAS research suggests that this decline is the result of the increasing cost of attendance at higher education institutions;⁴ and

WHEREAS between 2008 and 2015, tuition increased by more than 34%, while the median income increased by only 2.1%. This is indicative of a greater trend since the 1970s, when tuition began rising faster than median income for all earners;⁵ and

WHEREAS also between 2008 and 2015, the proportion of students graduating from public four-year institutions increased from 55% to 60%;⁶ and

WHEREAS the average loan amount at a public four-year institution increased 26% in 2015 dollars between 2008 and 2015, compared to a 1% increase between 2002 and 2008;⁷ and

WHEREAS student loan debt in the United States now totals over \$1.3 trillion;⁸ and

¹ “Current Higher Education Funding Structure and State Funding Cycles.” Washington Higher Education Coordinating Board.

² Mitchell, Michael, Michael Leachman, and Kathleen Masterson, “A Lost Decade in Higher Education Funding: State Cuts Have Driven Up Tuition and Reduced Quality.” Center on Budget and Policy Priorities. August 23, 2017.

³ Ibid, Mitchell et al.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid, Mitchell et al.

⁸ Ibid.

WHEREAS proposals from the federal government are threatening the future of grant aid programs for students, which have seen average individual grant increases of about 24% or about \$690;⁹ and

WHEREAS despite increases in grant funding, federal aid increases and tax credit availability have not kept pace with the rising cost of higher education;¹⁰ and

WHEREAS higher student debt levels are associated with lower homeownership; reduced probability of graduation; reduced likelihood that science, technology, engineering, and mathematics graduates will complete graduate education to advance in their respective fields; and fewer young adults starting new businesses;¹¹ and

WHEREAS tuition increases have a disproportionate effect on students from lower-income backgrounds;¹² and

WHEREAS a 2016 study found that 10% in additional spending for higher education increased the future earnings of students by 7% and reduced their likelihood of poverty;¹³ and

WHEREAS research shows that a \$1,000 increase in tuition is associated with an almost 6% drop in campus diversity, controlling for other factors;¹⁴ and

WHEREAS studies project that by 2020, nearly two-thirds of all jobs will require at least some form of higher education. Without new investment, the education system will not keep pace with the rising demand for educated workers, leaving a gap of about 5 million fewer college graduates than will be needed;¹⁵ and

WHEREAS higher education institutions are funded through state and local tax revenues;¹⁶ and

WHEREAS state fiscal investment in higher education has been decreasing since the 1980s, despite growing demand and enrollment since the mid-1970s;¹⁷ and

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ “America’s school funding is more progressive than many assume: How states and the federal government offset the effects of local inequality.” *The Economist*. December 23, 2017.

¹⁴ Ibid.

¹⁵ Allen, Drew and Gregory C. Wolniak, “Exploring the Effects of Tuition Increases on Racial/Ethnic Diversity at Public Colleges and Universities.” New York University. 2015.

¹⁶ Ibid, Mitchell et al.

¹⁷ Mortenson, Thomas G, “State Funding: A Race to the Bottom.” American Council on Education. Winter 2012.

WHEREAS in 1988, students provided about one-third as much revenue through tuition as state and local governments appropriated to higher education institutions. In 2017, students and state and local governments provide nearly the same amount;¹⁸ and

WHEREAS states and localities provide roughly 53% of the costs of teaching and instruction at public higher education institutions in Washington State;¹⁹ and

WHEREAS state tax revenues declined during the Great Recession, but returned to 11% above pre-recession levels by the end of 2016, adjusting for inflation;²⁰ and

WHEREAS Washington State has cut higher education funding by 27.8% since 2008, or an average of \$2,498 per student;²¹ and

WHEREAS Washington State did increase higher education funding by 5.6%, or \$416, per student from 2016 to 2017;²² and

WHEREAS Washington State funding for higher education was still \$1,388 below pre-recession levels as of 2017;²³ and

WHEREAS Washington State spent 15% less on higher education per student in 2017 than in 2008;²⁴ and

WHEREAS decreases in state funding have shifted the cost of attendance to students through increased tuition;²⁵ and

WHEREAS this funding shift has resulted in a smaller number of students from lower-income backgrounds and a higher number of non-resident and international students;²⁶ and

WHEREAS Washington State experienced the second steepest tuition increase in the country since the Great Recession, with an average increase of about \$4,085;²⁷ and

WHEREAS the Washington State legislature did move to lower tuition by 11% in 2015, in addition to freezing tuition and claiming tuition-setting authority for public higher education institutions; and

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid, Mitchell et al.

²¹ Justice, Kim, “Washington State Higher Education Cuts Led to 2nd Largest Tuition Increase in Nation.” Washington State Budget and Policy Center. May 1, 2014.

²² Ibid, Mitchell et al.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid, Mortenson.

²⁷ Ibid, Justice.

WHEREAS despite the tuition cut and subsequent freeze, tuition in 2017 was 33.7%, or about \$2,336, higher than it was in 2008;²⁸ and

WHEREAS more state funding has been appropriated to student financial aid than ever,²⁹ but most, if not all, of these resources are only available to undergraduate resident students; and

WHEREAS Washington State is moving toward fully funding the State Need Grant,³⁰ which indirectly supports the pipeline to graduate education in Washington State; and

WHEREAS unlike K-12 education, higher education funding is not mandatory in the Washington State constitution.³¹ Because of this, there is little security and stability for higher education funding, especially during economic recessions and revenue shortages.

THEREFORE BE IT RESOLVED BY THE GRADUATE AND PROFESSIONAL STUDENT SENATE OF THE UNIVERSITY OF WASHINGTON:

THAT GPSS appreciates the 2015 actions of the Washington State legislature to curb costs for undergraduate students and recommends that similar interest be taken in addressing the cost burden for graduate education; and

THAT GPSS commends the Washington State legislature for moving toward fully funding the State Need Grant in the 2018 legislative session and the added benefit that will bring to the graduate education pipeline; and

THAT GPSS believes that there is a need for security and stabilization in higher education funding to mitigate the volatile nature of tuition during economic recessions and revenue shortages; and

THAT GPSS recommends the Washington State legislature explore economically progressive revenue sources to provide this security and stability in funding; and

THAT these sources could include a capital gains tax on corporate stocks and other financial assets; broadening sales tax to include modern goods and services; or repealing ineffective tax deductions, exemptions, and credits and reallocating that money to higher education. GPSS has no official stance on which funding option to explore; and

²⁸ Ibid, Mitchell et al.

²⁹ Webster, Marc, "Ten-Year Roadmap Issue Briefing: Challenge Area, Accountable Funding." Washington Student Achievement Council. July 2013.

³⁰ "Engrossed Substitute Senate Bill 6032." Washington State Legislature. 2018.

³¹ Ibid, Webster.

THAT any additional funding collected by Washington State in future years be allocated equitably and support both undergraduate and graduate education at public higher education institutions.

THAT copies of this resolution be sent to UW President Ana Mari Cauce, UW Provost Gerald Baldasty, the UW Board of Regents, UW State Relations, UW Faculty Senate Legislative Representative JoAnn Taricani, UW Impact, the ASUW Board of Directors, the ASUW Office of Government Relations, the Chair and Ranking member of the Washington State Senate Higher Education and Workforce Development Committee, the Chair and Ranking Member of the Washington State House Higher Education Committee, the Chair and Ranking Member of the Washington State Senate Ways and Means Committee, the Chair and Ranking Member of the Washington State House Finance Committee, the Office of the Governor Policy team, ASUW President Osman Salahuddin, and GPSS President Elloise (Soh Yeun) Kim.

Presented to GPSS for approval on October 10, 2018

Approved on November 7, 2018