

SENATE BILL REPORT

SHB 2111

As Reported By Senate Committee On:
Higher Education, March 31, 2003

Title: An act relating to performance contracts between the state and institutions of higher education.

Brief Description: Exploring opportunities to create performance contracts between the state and institutions of higher education.

Sponsors: House Committee on Higher Education (originally sponsored by Representatives Priest, Jarrett and Cox).

Brief History:

Committee Activity: Higher Education: 3/27/03, 3/31/03 [DPA].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended.

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

Staff: Jean Six (786-7423)

Background: During 2002, the Washington State Institute for Public Policy conducted interviews with more than 70 key stakeholders as part of a legislatively-directed study of the Higher Education Coordinating Board (HECB). According to the Institute's report, many stakeholders view the state as "struggling to impose and maintain a regulatory relationship with its colleges and universities." The report also noted that tension between state centralization and institutional autonomy is not a new phenomenon.

For example in 1993, the Legislature enacted a law declaring a "need to redefine the relationship between the state and its postsecondary education institutions through a compact based on trust, evidence, and a new alignment of responsibilities." The law intended to create a state policy where institutions would have authority and flexibility to meet statewide goals through locally-based decisions. In return for evidence of achieving desired results, the state would reduce its micromanagement of institutions. According to the Institute's report, the idea of this compact relationship has faded from view, possibly because it lacked an explicit mechanism to put it into operation.

Several other states, however, are experimenting with creating new relationships with one or more public institutions through performance compacts. In Kansas, the Board of Regents has been directed by the Legislature to negotiate performance agreements with public institutions. West Virginia and Virginia are implementing compacts. Maryland and Colorado have chosen single institutions to pilot compacts (St Mary's College and the Colorado School of Mines).

A compact is a contractual agreement negotiated between the state (typically by the state governing board) and an institution's governing board. The agreement specifies measurable performance objectives which the institution commits to meet over the term of the compact and outlines the types of flexibility the state will offer in return.

Summary of Amended Bill: A work group on higher education performance contracts is created to include members of the House and Senate Higher Education and fiscal committee members, one representative of the HECB, one representative of the State Board for Community and Technical Colleges, two representatives from the Council of Presidents, two representatives of the community and technical college presidents, and one from the Governor's Office and from the Office of Financial Management.

The work group will examine the experience of other states in developing and implementing contracts; consider the feasibility of implementing contracts in Washington; and identify whether amendments to current laws are needed. The task force will also develop guidelines and possible models for contracts, including the types of institutional performance indicators and benchmarks that could be in a contract and the types of flexibility, exemptions, or commitments from the state that could be in a contract.

A report with findings and recommendations is due to the Senate and House higher education and fiscal committees by December 15, 2003. The task force expires June 30, 2004.

Amended Bill Compared to Substitute Bill: The work group is renamed and the membership is expanded. The name of the community and technical college president's group is clarified.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The development of performance contracts will begin to open the door on the issue of governance, as well as to encourage a more efficient use of resources. It is important to recognize the individual nature of each public higher education institution. Also important is for the Legislature to be accountable and to honor a commitment to providing funding and flexibility. It is important to make recommendations by December 15, 2003.

The HECB wants to meet the Legislature's expectations but they must be laid out clearly. The ideas in this bill and in the Bill Chance paper are complementary.

The SBCTC supports the idea of a study and recognizes the need for an educated workforce but suggests a way must be found to fund the state's needs.

The COP has no official position on SHB 2111, but has followed it with considerable interest. The contracts will clarify expectations and who is responsible for what. Recognizing the unique niche of each of the four-year institutions is an important step.

The faculty lives with strategic plans at the department level and looks forward to participating in the process. Clear agreements allow all of us to do our work well. We look to provide the best opportunities for students to learn and succeed.

Funding is fundamental. Faculty organizations must be included and collective bargaining parameters must be respected.

TESC views this as the "quid pro quo" bill. The institution's performance is dependent on stable funding. Colorado has established clear expectations accompanied by stable funding. The institutions support local flexibility, accountability to statewide goals and objectives, and specificity of guidelines. CWU would have benefitted by such provisions at the time of its enrollment difficulty.

Testimony Against: None.

Testified: PRO: Representative Priest, prime sponsor; Marc Gaspard, HECB; Cindy Hough, SBCTC; Terry Teale, COP; James Huckabay, CFR; Gary King, WEA; Wendy Rader-Konafalski, WFT; Edie Harding, TESC; Dick Thompson, UW; George Durrie, EWU; Ann Anderson, CWU.