

FINAL BILL REPORT

EHB 2641

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Synopsis as Enacted

Brief Description: Creating a pilot program to test performance agreements at institutions of higher education.

Sponsors: By Representatives Jarrett, Priest, Wallace, Ormsby, McIntire, Sells, Morrell, Upthegrove, Sullivan and Haler.

House Committee on Higher Education
Senate Committee on Higher Education
Senate Committee on Ways & Means

Background:

Higher education systems have come under increasing public and governmental scrutiny with respect to what they do, how well they do it, and at what cost. The globalization of economic competition focused on quality, rapid innovation, and cost has impacted thinking about business, government, and education. This phenomenon has raised expectations for outcome-based performance by all kinds of publicly supported programs.

Professionally based accreditation organizations have traditionally played an important role in *institutional* quality assurance and recently have urged colleges and universities to focus on assessing student learning and other outcomes. For instance, the Accrediting Board for Engineering and Technology has shifted much of the focus of its accreditation review to student outcomes. In addition, boards of trustees, often comprised of influential business people, are paying more attention to outcomes and efficiencies.

At the same time as attention is paid to quality, pressure to increase quantity within higher education institutions is simultaneously increasing. The 2008 Higher Education Coordinating Board's (HECB) Strategic Master Plan for Higher Education argues that several factors will combine to push for system growth. For instance, demographic projections indicate that the population of Washington will grow 37 percent by the year 2030 at the same time that business leaders call for better-prepared graduates in a diversity of fields. Retirements of "baby-boomers" and the increased recognition of education as a driver for economic prosperity combine to urge policymakers to expand enrollments.

There is a growing body of evidence suggesting that states are seeking a capacity to articulate statewide public needs and envision systemic efficiencies, some of which go well beyond the scope of any single institution, using an outcome-based method, variously named "contract," "compact," or "agreement." While there is some variation across states, the basic idea of this "performance agreement" is that state higher education entities and executive and legislative leaders come together to identify goals and performance expectations for higher education

that includes an authoritative commitment to adequate plans, support, and stability. The outcome of this process is to create agreement among the parties that articulates specific understanding about what results will be achieved, by whose actions, and with what resource expectations.

Summary:

Beginning in 2008, performance agreements must be pilot-tested with the public four-year institutions of higher education.

Purpose of a Performance Agreement.

A performance agreement's purpose is to develop and communicate a six-year plan developed jointly by state policymakers and an institution of higher education that aligns goals, priorities, desired outcomes, flexibility, institutional mission, accountability, and levels of resources.

Content of a Performance Agreement.

Minimum elements of a performance agreement are defined as:

- indicators that measure outcomes concerning cost, quality, timeliness of student progress, recruitment and retention of students and faculty of color, and articulation between and within K-12 and higher education;
- benchmarks and goals for long-term degree production, including discrete particular fields of study;
- the level of resources to meet the performance outcomes, benchmarks, and goals subject to legislative appropriation;
- links to role, mission, strategic plan of the institution, and the HECB master plan; and
- the prioritization of four-year institution capital budget projects by the Office of Financial Management.

The performance agreements may include grants of flexibility or waivers from state controls or rules. The agreements may also identify areas where statutory change is needed to grant flexibility. Waivers and grants of flexibility may not be included in performance agreements when the waivers and grants pertain to collective bargaining agreements, faculty codes, prevailing wages, health and safety, civil rights, nondiscrimination, and state laws regarding employment.

Process of Development.

The State Performance Agreement Committee (state committee) is created to represent state interests, with representatives from the Governor's Office, the Office of Financial Management (OFM), the HECB, the Office of the Superintendent of Public Instruction, two

members of the Senate, and two members of the House of Representatives. Personnel from the HECB must staff the State Performance Agreement Committee.

Participating pilot institutions appoint members to their respective negotiating teams. Each team must include two faculty representatives. At schools that participate in collective bargaining, at least one of the faculty members must be appointed by the exclusive bargaining agent at the campus; otherwise, the members must be appointed by the faculty Senate.

Once bargaining teams are created, the following takes place:

- (1) Each institution develops a preliminary draft with input from students and faculty and shares the plan with the state committee.
- (2) The state committee and institutions collaboratively develop revised drafts and submit them to the Governor and higher education and fiscal committees of the Legislature by September 1, 2008.
- (3) After receiving input, the state committee and institutions develop final agreements and submit them to the Governor and the OFM by November 1, 2008, for consideration in the 2009-11 budget.
- (4) If the Legislature affirms in a budget proviso that the enacted budgets (capital and operating) align with the agreements, the agreements will be in effect from July 1, 2009, through June 30, 2015.
- (5) If the Legislature affirms in a budget proviso (or by inaction) that the enacted budgets do not align, the agreements must be redrafted and take effect September 1, 2009, through June 30, 2015.
- (6) The process of performance agreement revision is repeated with each subsequent budget that is enacted between 2010 and 2014 so that the agreements and the budgets are aligned.

The Joint Legislative Audit and Review Committee is to conduct an evaluation with recommendations for changes, continuation, and expansion due November 1, 2014.

Votes on Final Passage:

House	95	2	
Senate	48	0	(Senate amended)
House	92	1	(House concurred)

Effective: June 12, 2008