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**Higher Education Committee**

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**HB 2641**

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

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

**Brief Summary of Bill**

- Beginning in 2008, performance agreements are developed and pilot-tested with the University of Washington and Western Washington University.

**Hearing Date:** 1/17/08

**Staff:** Andi Smith (786-7304).

**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 have 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 engineering accrediting group, ABET, 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

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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 policy makers to expand enrollments.

There is a growing body of evidence that suggests 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, 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 of Bill:**

Beginning in 2008, performance agreements are pilot-tested with the University of Washington (UW) and Western Washington University (WWU).

### Purpose of a Performance Agreement

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:*

- Indicators that measure outcomes concerning cost, quality, timeliness of student progress, 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.

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<sup>not</sup> be included in performance agreements when the waivers and grants pertain to collective bargaining agreements, faculty codes, prevailing wages, health & safety, civil rights, nondiscrimination, and state laws regarding employment.

### Process of Development:

The Legislature creates a State Performance Agreement Committee (state committee), to represent state interests that includes representatives from the Governor's Office, Office of Financial Management (OFM), the Higher Education Coordinating Board (HECB), the Office of

the Superintendent of Public Instruction (OSPI), two members of the Washington State Senate, and two members of the House of Representatives.

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, 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 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 inaction) that the enacted budgets do *not* align, the agreements are re-drafted 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 conduct an evaluation with recommendations for changes, continuation, and expansion due November 1, 2014.

**Appropriation:** None.

**Fiscal Note:** Requested on January 14, 2008.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.