

# SENATE BILL REPORT

## EHB 2641

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As Reported By Senate Committee On:  
Higher Education, February 28, 2008  
Ways & Means, March 03, 2008

**Title:** An act relating to higher education performance agreements.

**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 History:** Passed House: 2/13/08, 95-2.

**Committee Activity:** Higher Education: 2/21/08, 2/28/08 [DPA-WM, w/oRec].  
Ways & Means: 3/03/08 [DPA(HIE), w/oRec].

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### SENATE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Shin, Chair; Kilmer, Vice Chair; Delvin, Ranking Minority Member; Berkey and Sheldon.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Schoesler.

**Staff:** Aldo Melchiori (786-7439)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended by Committee on Higher Education.

Signed by Senators Prentice, Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Hatfield, Hobbs, Keiser, Kohl-Welles, Oemig, Rasmussen, Regala, Rockefeller and Tom.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Brandland, Carrell, Honeyford, Parlette and Schoesler.

**Staff:** Tim Yowell (786-7435)

**Background:** Higher education systems have come under increasing scrutiny with respect to what they do, how well they do it, and at what cost. Professionally-based accreditation

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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. At the same time as attention is paid to quality, pressure to increase quantity within higher education institutions is 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. 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. Baby-boomers' retirements and increased recognition of education as a driver for economic prosperity combine to indicate the need to expand enrollments.

**Summary of Bill (Recommended Amendments):** Beginning in 2008, performance agreements are pilot-tested with the public four-year institutions of higher education over a six-year period. The purpose of the performance agreements 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.

The minimum elements of each performance agreement are specified. The performance agreements may include grants of flexibility or waivers from state controls or rules, but may not include waivers and grants that pertain to collective bargaining agreements, faculty codes, prevailing wages, health and safety, civil rights, nondiscrimination, and state laws regarding employment.

A State Performance Agreement Committee (state committee) is created to represent state interests in developing performance agreements. Members of the state committee include representatives from the Governor's Office, the OFM, the HECB, the Office of the Superintendent of Public Instruction, two members of the Senate, and two members of the House of Representatives.

Pilot institutions appoint members to their respective performance agreement negotiating teams. Each team must include two faculty and two representatives. At institutions that participate in collective bargaining, at least one of the faculty members must be appointed by the exclusive bargaining agent at the campus. Each institution develops a preliminary draft, and shares the plan with the state committee.

The state committee and institutions collaboratively develop revised drafts and submit them by September 1, 2008. After receiving input, the state committee and institutions develop final agreements that are submitted to the Governor and the OFM by November 1, 2008, for consideration in the 2009-11 budget. If the Legislature affirms a budget proviso in alignment with the agreements, the agreements are in effect from July 1, 2009, through June 30, 2015; otherwise, the agreements are re-drafted and take effect September 1, 2009, through June 30, 2015. 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 conducts an evaluation due November 1, 2014.

**EFFECT OF CHANGES MADE BY HIGHER EDUCATION COMMITTEE (Recommended Amendments):** The minimum elements of the performance agreements

include indicators that measure outcomes concerning recruitment, retention, and success of students, faculty, and staff from underrepresented communities. The process for selecting faculty and student to serve on the institutional performance agreement team is clarified.

**Appropriation:** None.

**Fiscal Note:** Requested February 14, 2008.

**Committee/Commission/Task Force Created:** Yes.

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

**Staff Summary of Public Testimony on Engrossed Bill (Higher Education):** PRO: We are improving our ability to do planning, but there needs to be a closer connection between the strategic master plan and the budget process. This will allow us to more specifically communicate what we expect from our higher education institutions. The pilot project will give us the opportunity to try this concept and see if it works as anticipated. The agreements would be updated to reflect budget realities. Students need to be involved at the institutional level. It may be helpful to clarify that tuition-setting authority cannot be subject to the agreements.

**Persons Testifying (Higher Education):** PRO: Representative Jarrett, prime sponsor; Ann Daley, HECB; Terry Teale, Council of Presidents; Sarah Ishmael, Chris Reigelsberger, WSL; Ann Anderson, CWU; Evette Jasper, United Autoworkers Local 4121.

**Staff Summary of Public Testimony on HIE Recommended Amendments (Ways & Means):** PRO: The bill gives institutions the opportunity to bring outcome-based, long-term budget proposals before the Legislature early in the budget-building process. Eastern Washington University is committed to accountability for outcomes, and would like to be one of the pilot institutions. Washington State University would like to be one of the pilot institutions, and believes it can do so within existing funds. The University of Washington has been seeking some form of performance agreement for six years. The performance agreement does not provide any new statutory authority – any proposed statutory changes would have to be specifically approved by the Legislature. The performance agreement process would allow meaningful conversations about what the state wants to buy.

CON: The Associated Students of Central Washington University oppose the bill in its current form because it does not specifically exclude increased local tuition-setting authority.

OTHER: The Associated Students of Western Washington University are concerned that the performance agreements might give institutions increased local tuition-setting authority.

**Persons Testifying (Ways & Means):** PRO: Terry Teale, Council of Presidents; David Buri, Eastern Washington University; Sherry Burkey, Western Washington University; Larry Ganders, Washington State University; Randy Hodgins, University of Washington.

CON: Jake Stilwell, Associated Students of Central Washington University; David Parsons, UAW Local 4121.

OTHER: Sara Ishmael, Associated Students of Western Washington University.