

SENATE BILL REPORT

E2SHB 2265

As of February 27, 2012

Title: An act relating to establishing Washington works payments to increase graduation rates, address critical skill shortages, increase student success, and narrow the educational opportunity gap.

Brief Description: Establishing Washington works indicators for four-year institutions of higher education.

Sponsors: House Committee on Ways & Means (originally sponsored by Representatives Probst, Haler, Haigh, Rivers, Zeiger, Seaquist, Sells, Jinkins, Roberts, Hunt, Santos, Kelley, Finn and Ryu).

Brief History: Passed House: 2/13/12, 60-38.

Committee Activity: Higher Education & Workforce Development: 2/22/12.

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Staff: Kimberly Cushing (786-7421)

Background: In 2011 the Legislature passed the Higher Education Opportunity Act, which requires annual reporting of certain performance data. The reports include outcome and progress metrics that align with the National Governor's Association *Complete to Compete* metrics as well as metrics for graduate and professional degrees; science, technology, engineering, and mathematics participation; student debt load; and disaggregation of measures based on various student demographics, including socio-economic status and income level, among others.

Additionally, the public four-year institutions of higher education must each negotiate an institutional performance plan with the Office of Financial Management (OFM) every two years, beginning September 1, 2011. The plan must include minimum sets of expected outcomes.

Summary of Bill: OFM must develop a recommended plan for measuring and rewarding performance of four-year institutions of higher education. In developing the plan, OFM must consult with the Higher Education Coordinating Board (HECB) successor and the Council of Presidents (COP). OFM must recommend appropriate metrics for measuring performance

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and an appropriate means of rewarding performance. OFM must report to the Legislature and Governor by December 1, 2012.

Washington works indicators are defined as: (1) increasing graduations; (2) increasing graduations in fields addressing critical skill shortages; and (3) narrowing the educational opportunity gap for disadvantaged students and minority students. OFM must measure performance on Washington works indicators using metrics that award points for each indicator and results in a single numeric score for each four-year institution by July 1, 2012, and annually thereafter.

OFM must award the following: one point each per student for growth in the number of students who earn baccalaureate or advanced degrees; an additional point per student for growth in the number of students who earn baccalaureate or advanced degrees in fields addressing critical skill shortages in the sciences; and an additional point per student for growth in the number of in-state disadvantaged students and minority students who earn degrees. The institutions may modify points awarded for each indicator so long as the institution uses the same metrics, awards no more than three points for three metrics, and awards at least a half point, but not more than two points, per metric.

The Legislature must determine whether an amount is transferred by the State Treasurer and disbursed by OFM to four-year institutions as rewards for performance on Washington works indicators. If so, the Legislature also must determine the percentage of state General Fund and Education Legacy Trust Account appropriations on which the amount is based in the 2013-15 Operating Budget, and each budget thereafter. OFM sets the amount disbursed per point and makes disbursements on July 10, 2013, and annually thereafter.

Subject to legislative action, the State Treasurer must transfer an amount from the state General Fund to HECB's Innovation and Quality Fund. The transferred amount is equivalent to a percentage of the state General Fund appropriations and the Education Legacy Trust Account appropriations to four-year institutions. Allotments of the state General Fund appropriations to four-year institutions are adjusted to reflect proportionate shares of the transferred amount. The State Treasurer must make transfers and adjust allotments on July 1, 2013, and annually thereafter.

The Innovation and Quality Fund is modified to authorize disbursement of transferred amounts to four-year institutions.

Four-year institutions are encouraged to redistribute resources and realign course offerings to increase graduations and completions in fields addressing critical skill shortages and improve performance on other Washington works indicators.

The Education Data Center must analyze employment or continued education in consultation with the Employment Security Department, the HECB successor, COP and publish the analyses on its website by July 1, 2013, and annually thereafter. Employment or continued education means that, within one year of graduation, a student has an annual income that exceeds the federal poverty level for a family of four or is enrolled in postsecondary education.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 20, 2012.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: We need more high-demand degree production in Washington. Economic competitiveness relies on having the most educated people in the world. If we have the best-skilled people, we will have the best economy. The community and technical colleges' Student Achievement Initiative works. There was a 40 percent increase in degree production in four years by tying funding to performance. This bill pays for specific outcomes.

OTHER: The bill incentivizes institutions to draw resources away from non-STEM fields. The undergirding of liberal arts is what allows students to move into positions that require sophisticated inquiry. Under House Bill 1795 from last session, institutions are subject to a long list of performance measurements. The next logical step is looking at performance funding. However, performance funding must align with the work that has already been done. We don't want just another layer of accountability without funding.

Persons Testifying: PRO: Representative Probst, prime sponsor.

OTHER: Anthony Flinn, Eastern WA University Faculty Legislative Liaison; Paul Francis, Council of Presidents; Julie Garver, The Evergreen State College; Margaret Shepherd, University of WA.