

SENATE BILL REPORT

SB 5915

As of April 6, 2011

Title: An act relating to higher education funding and performance.

Brief Description: Regarding higher education funding and performance.

Sponsors: Senators Kilmer, Murray, Zarelli and Tom.

Brief History:

Committee Activity: Ways & Means: 4/06/11.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Maria Hovde (786-7710)

Background: Tuition Setting. Prior to fiscal year 1999, the Legislature set tuition through statute. Since fiscal year 1999, the Legislature has given institutions of higher education limited tuition setting authority by permitting maximum percentage tuition increases annually. In academic years 2009-10 and 2010-11, the Legislature authorized institutions to increase tuition a maximum of 14 percent at four-year institutions of higher education and 7 percent at community and technical colleges. In academic year 2011-12 until academic year 2016-17, tuition and fees may increase no greater than 7 percent over the previous academic year in any institution of higher education. Four-year institutions and community and technical schools are required to retain a minimum of 3.5 percent of operating fees for an institutional financial aid fund.

Strategic Master Plan. The Higher Education Coordinating Board (HECB) is required to develop a statewide, strategic master plan that proposes a vision and identifies measurable goals and priorities for the higher education system for a ten-year time period. The strategic master plan must address the goals of (1) expanding access; (2) using methods of educational delivery that are efficient, cost-effective, and productive to deliver modern educational programs; and (3) using performance measures to gauge the effectiveness of the state's progress toward meeting its higher education goals. The strategic master plan must be updated every four years and the next update is due in December 2011.

Performance and Accountability. Beginning in 2008 the HECB was required to pilot test performance agreements with the public four-year institutions of higher education. The purpose of these agreements were to develop and communicate a six-year plan that aligns

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goals, priorities, desired outcomes, flexibility, institutional mission, accountability, and levels of resources. The State Performance Agreement Committee (Committee) was created to represent state interests, with representatives from the Governor's Office, the Office of Financial Management (OFM), the HECB, the Office of Superintendent of Public Instruction, two members of the Senate, and two members of the House of Representatives. The Committee and the institutions were to jointly develop final agreements and submit them to the Governor and OFM for consideration in the 2009-11 budget; however, due to the economic downturn, these agreements were not finalized.

Summary of Bill: Tuition Setting Authority. Beginning in the 2013-2014 academic year, reductions or increases in full-time tuition fees must be as provided in the Omnibus Appropriations Act for resident undergraduate students at community and technical colleges. The State Board for Community and Technical Colleges (Board) may pilot or institute differential tuition models and may define the scale, scope, and rationale for the models.

Beginning with the 2013-2014 academic year and through the end of the 2018-2019 academic year, the governing boards of the four-year institutions of higher education are authorized to set tuition and fees for resident undergraduate students and the Board is authorized to set tuition and fees for nonresident students, summer school students, and students in other self-supporting programs. The governing boards of the four-year institutions of higher education are authorized to charge differential rates. Beginning with the 2019-2020 academic year, tuition and fees for resident undergraduate students at four-year institutions of higher education must be as provided in the Omnibus Appropriations Act.

Beginning with the 2013-2014 academic year, for the University of Washington (UW), Washington State University (WSU), and Western Washington University (WWU), if tuition is increased beyond 11 percent per year the institutions must provide financial aid that eliminates the effects of the increase beyond 11 percent per year for those students with incomes below 125 percent of the median family income. Beginning with the 2013-2014 academic year, for Eastern Washington University (EWU), Central Washington University (CWU), and The Evergreen State College (TESC), if tuition is increased beyond 9 percent per year the institutions must provide financial aid that eliminates the effects of the increase beyond 9 percent per year for those students with incomes below 125 percent of the median family income. Financial aid sources and methods may include tuition revenue or other locally held funds, tuition waivers created for the specific purpose of serving the middle class students, or local financial aid programs. By January 1, 2014, four-year institutions of higher education must report to the Governor and the relevant committees of the Legislature on the effectiveness of financial aid programs in mitigation of tuition increases.

Degree Production Goals. To provide consistent data among the four-year institutions, each must annually report (1) the number of baccalaureate degrees awarded; (2) the number of graduate and professional degrees awarded; (3) graduation rates; (4) transfer rates; (5) time and credits to degree; (6) remedial education enrollment; (7) success beyond remedial education; (8) credit accumulation; (9) retention rates; (10) percentage of credit hours completed out of those attempted; (11) program participation and degree completion rates in science, technology, engineering, and mathematics; (12) annual number of students enrolled; (13) annual ratio of undergraduate degrees and certificates awarded per 100 full-time equivalent students; and (14) annual ratio of undergraduate degrees and certificates awarded

relative to the state's population aged 18-24 years with a high school diploma. All students must be counted when collecting data, not only first-time, full-time freshmen. The HECB is required to submit a report on progress toward degree completion goals and on comparisons with other states, with recommendations for the ensuing biennium, to the fiscal and higher education committees of the Legislature, along with the HECB's biennial budget recommendation.

The HECB is required to include in the 2011 update to the strategic master plan a plan for achieving the following degree completion targets by 2018: (1) increasing the number of baccalaureate degrees earned by Washington residents from 2010 levels by at least 6000 degrees or 27 percent; (2) providing that at least 2000 of the additional degrees must be in science fields, including health sciences, technology, engineering, and mathematics; and (3) attaining a goal that at least 19 percent of all baccalaureate degrees awarded would be to low-income or first-in-their-family-to-attend college students.

Performance and Accountability. Authority to increase or decrease tuition rates will be considered within the context of institutional performance agreements. By September 1, 2013, and every two years thereafter, the four-year institutions of higher education will each negotiate a performance agreement with the HECB and OFM that includes expected outcomes that must be achieved by each institution in the following biennium, and that includes a method for rewarding performance improvement beyond expected outcomes in accordance with a newly created baccalaureate degree incentive program. At a minimum, an individual institutional performance agreement will include:

- expected outcomes concerning time and credits to degree;
- expected outcomes concerning retention and success of students from low-income, diverse, or underrepresented communities;
- expected outcomes concerning bachelor degree production for resident students;
- expected outcomes concerning degree production in high demand and critical state need areas;
- expected outcomes that maintain the proportion of resident undergraduate students to the total student population; and
- expected outcomes concerning number of students enrolled.

If performance contracts are not completed or if, at the conclusion of a biennium, any four-year institution does not achieve the expected outcomes established in the performance contracts, tuition may not, without prior Legislative approval, be increased in the following biennium beyond 11 percent per year for the UW, WSU, and WWU, and 9 percent per year for EWU, CWU, and TESC.

Existing performance agreement statutes, RCW 28B.10.920 through RCW 28B.10.922, are repealed.

A baccalaureate degree incentive program is created. The HECB designs a program of rewards based on each institution's performance improvement goals. Baseline performance measures include (1) time and credits to degree; (2) retention and success of students from low-income, diverse, or underrepresented communities; (3) bachelor degree production for resident students; and (4) degree production in high demand and critical state need areas.

Graduates with a transfer degree from a community or technical college who are admitted to a four-year institution must be given junior standing and be deemed to have met lower division general education requirements. Transfer students with 90 quarter hours and who have completed general education requirements at another public four-year institution are admitted to another four-year institution with junior standing and must be deemed to have met lower division general education requirements. Each institution must develop at least one degree in arts and sciences that can be completed within 90 upper division quarter hours by any student who enters with junior status. Community and technical colleges will work jointly with the four-year institutions to develop equivalent course lists for one year's worth of general education credit. Students who complete one year of general education credits may receive a one-year academic completion certificate. Each four-year institution must publish a list of recommended courses for each academic major designed to help students who are planning to transfer design their course of study, except when an institution does not require courses or majors to meet specific requirements but generally applies credits earned toward degree requirements.

Community and technical colleges must identify and publish a list of college level courses that are recognized by all four-year institutions, a list of courses that satisfy the one-year completion certificate requirements, and courses for a transferrable associate degree. If a four-year institution does not require courses of major for transfer, the community and technical colleges must identify and publish the transfer policy of the institution.

Appropriation: None.

Fiscal Note: Requested on March 5, 2011.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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