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HOUSE BILL 2692

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State of Washington                      64th Legislature                      2016 Regular Session

By Representatives Zeiger, Tarleton, Haler, Bergquist, Stambaugh, Hargrove, Gregerson, Muri, Kilduff, and Pollet

Read first time 01/18/16. Referred to Committee on Higher Education.

1            AN ACT Relating to creating a higher education performance  
2 funding incentive system; amending RCW 28B.10.016; adding a new  
3 section to chapter 28B.15 RCW; creating a new section; and repealing  
4 RCW 28B.15.101.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            NEW SECTION.            **Sec. 1.**            The legislature recognizes that  
7 Washington's four-year institutions of higher education have made  
8 significant performance gains by increasing student success,  
9 improving efficiency, and increasing degree production in science,  
10 technology, engineering, math (STEM), and other high-demand fields.  
11 However, the legislature also recognizes that additional improvements  
12 can be made to increase higher education attainment in the state.  
13 Washington's economy requires a highly educated workforce, but the  
14 state ranks forty-seventh in the nation in public baccalaureate  
15 participation rates for the population aged twenty to thirty-four. In  
16 addition to increasing overall participation, STEM degree production  
17 has not kept pace with the demand. Between 2013 and 2017, the number  
18 of unfilled positions in Washington resulting from the job skills gap  
19 is estimated to double to fifty thousand jobs.

20            In addition to the workforce demands of the state's economy,  
21 Washington's population is becoming more diverse. The need to ensure

1 access and support for segments of the population that have  
2 traditionally been underrepresented at four-year institutions of  
3 higher education, such as low-income, first-generation,  
4 nontraditional, and ethnic minorities is increasing.

5 In 2013, the legislature renewed its efforts to identify a  
6 performance funding mechanism to help address these challenges by  
7 convening a technical incentive funding model task force. The task  
8 force's mission was to recommend a design for a new performance  
9 funding model that would both support the state's need for a more  
10 highly educated population and recognize each four-year institution's  
11 unique mission. The legislature's intent is to implement the task  
12 force's recommendations for a performance funding model to further  
13 address the higher education needs of the state.

14 **Sec. 2.** RCW 28B.10.016 and 1992 c 231 s 1 are each amended to  
15 read as follows:

16 For the purposes of this title:

17 (1) "State universities" means the University of Washington and  
18 Washington State University.

19 (2) "Regional universities" means Western Washington University  
20 at Bellingham, Central Washington University at Ellensburg, and  
21 Eastern Washington University at Cheney.

22 (3) "State college" means The Evergreen State College in Thurston  
23 county.

24 (4) "Institutions of higher education" or "postsecondary  
25 institutions" means the state universities, the regional  
26 universities, The Evergreen State College, the community colleges,  
27 and the technical colleges.

28 (5) "Governing board" means the board of regents or the board of  
29 trustees of the institutions of higher education.

30 (6) "Four-year institutions" or "four-year institutions of higher  
31 education" means the state universities, the regional universities,  
32 and the state college.

33 NEW SECTION. **Sec. 3.** A new section is added to chapter 28B.15  
34 RCW to read as follows:

35 (1) A performance funding incentive system is established for the  
36 four-year institutions. The legislature shall appropriate funding to  
37 each four-year institution contingent on the achievement of  
38 performance targets set for each four-year institution. The

1 performance targets must reflect the statewide achievement goals  
2 established in subsection (2) of this section.

3 (2) The statewide achievement goals are as follows:

4 (a) Increase the overall number of degrees awarded;

5 (b) Increase the number of degrees awarded in science,  
6 technology, engineering, and math (STEM), and other high-demand  
7 fields; and

8 (c) Increase the number of degrees awarded to students from  
9 underrepresented groups.

10 (3) The four-year institutions shall work with the education data  
11 center to establish a menu of achievement metrics designed to measure  
12 progress towards the statewide achievement goals. Data from the past  
13 three academic years must be available through or provided to the  
14 education data center for each achievement metric. Metrics may  
15 include, but are not limited to:

16 (a) The number of undergraduate and graduate degrees awarded;

17 (b) The number of degrees awarded to underrepresented students;

18 (c) The number of e-learning degrees awarded;

19 (d) The percent of first-year undergraduate students who reenroll  
20 in a second year;

21 (e) The percent of students who graduate within six years;

22 (f) The number of students enrolled in STEM and high-demand  
23 programs of study;

24 (g) The number of degrees awarded in STEM and high-demand  
25 programs of study;

26 (h) The number of transfer students enrolled;

27 (i) The number of underrepresented students enrolled;

28 (j) The number of community college dually admitted students  
29 enrolled; and

30 (k) The number of students enrolled in online learning programs.

31 (4) Each institution shall select five achievement metrics as  
32 described in subsection (2) of this section to measure its short-term  
33 progress towards achieving the statewide achievement goals. The four-  
34 year institutions shall select metrics they can appropriately  
35 contribute to and that align with their institution's mission.

36 (5) The education data center shall establish a three-year  
37 average performance baseline for each institution's selected metrics  
38 by using data collected from the three most recent academic years.

39 (6)(a) Using the three-year average performance baseline as a  
40 guideline for each institution's current performance, the four-year

1 institutions shall each submit performance targets based on their  
2 selected achievement metrics to the student achievement council for  
3 approval by May 1, 2016, and shall submit new performance targets on  
4 the following May 1st of the start of each biennium thereafter,  
5 beginning with the 2019-2021 biennium.

6 (b) The student achievement council shall review the submitted  
7 performance targets and either approve or deny them.

8 (c) If an institution's performance targets are denied, the  
9 institution may resubmit new targets for approval in accordance with  
10 rules established by the student achievement council or may decline  
11 to participate for that biennium, thereby forfeiting their portion of  
12 any performance funding appropriated by the legislature.

13 (7) Once an institution's performance targets are approved, the  
14 office of financial management shall determine each institution's  
15 proportion of the total performance funding appropriated for that  
16 period. The office of financial management shall determine each  
17 institution's proportion relative to the institution's near general  
18 fund appropriation for that biennium. The office of financial  
19 management shall release performance incentive funds to the  
20 institutions with approved performance targets by July 1, 2016, and  
21 the following July 1st at the start of each biennium thereafter,  
22 beginning with the 2019-2021 biennium.

23 (8) Institutions that met or exceeded their performance targets  
24 for the biennium shall receive the performance funds awarded on an  
25 ongoing basis.

26 (9) If a four-year institution declines to participate by not  
27 submitting biennial performance targets or does not achieve its  
28 biennial performance targets, the institution shall forfeit its  
29 proportion of performance funding dollars for that biennium. The  
30 office of financial management shall redirect forfeited funds to the  
31 state need grant program in chapter 28B.92 RCW to be distributed to  
32 low-income students at the four-year institution that forfeited the  
33 performance funding.

34 (10) The education data center shall report to the office of  
35 financial management beginning February 1, 2019, and the following  
36 February 1st at the start of each biennium thereafter, on whether the  
37 participating four-year institutions met their performance targets  
38 for the preceding two academic years.

1        NEW SECTION.     **Sec. 4.**     RCW 28B.15.101 (Authority to modify  
2     tuition rates—Performance-based measures and goals—Institutional  
3     performance plans) and 2011 1st sp.s. c 10 s 5 are each repealed.

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