
Higher Education Committee

HB 1385

Brief Description: Implementing a strategic direction for higher education.

Sponsors: Representatives Jarrett, Priest, Wallace, Buri, Sells, Ormsby and Chase.

Brief Summary of Bill

- Establishes the Legislature's statewide plan for higher education, which includes increasing capacity by 30,000 enrollments, awarding 3,800 additional baccalaureate degrees annually, adding 12,500 additional enrollments in high demand fields, and increasing the state's overall investment in higher education by \$460 million per biennium.
- Provides that by 2014, tuition and mandatory fees for full-time resident undergraduates will be equal to the average tuition and fees charged at peer institutions nationally.
- Reforms the State Need Grant program to provide that a student's cost of attendance at a public institution shall not be more than 30 percent of family income.
- Requires public institutions of higher education to enter into six-year performance contracts with the state.

Hearing Date: 2/15/07

Staff: Andrew Colvin (786-7304).

Background:

Institutions of Higher Education in Washington

Washington has two research universities: the University of Washington (UW) and Washington State University (WSU). The mission of both universities is to not only educate students but also to create and disseminate knowledge through research. Washington also has four branch campuses associated with the research universities. These are: the UW Bothell, the UW Tacoma, WSU Vancouver and WSU Tri-Cities. In 2005, WSU Vancouver, and the UW Bothell and the UW

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Tacoma were granted authority to develop lower-division courses and to expand into four-year institutions. In 2006, WSU Tri-Cities was granted the same authority.

There are four regional institutions in Washington: Western Washington University (Western), Eastern Washington University (Eastern), Central Washington University (Central), and The Evergreen State College (Evergreen). The focus of the regional institutions is on providing undergraduate and masters level education.

The research and regional institutions also offer courses at education centers located around the state in an effort to expand student access to bachelors and masters degrees. These centers have evolved from college and university initiatives.

There are 29 community colleges and five technical colleges in Washington. These institutions have a broad mission that includes basic skills and adult education, academic preparation for transfer to a baccalaureate program, and workforce training and certification programs.

Approximately 55 independent private institutions are authorized to offer four-year non-religious degrees in Washington. There are also approximately 230 private career and technical colleges licensed to operate in Washington.

Enrollments

More than 400,000 students are enrolled in Washington's three primary sectors of higher education: community and technical colleges, public four-year institutions, and independent four-year institutions. Approximately 62 percent of these students attend a community or technical college, 26 percent attend a public four-year institution, and 12 percent attend an independent four-year institution. Approximately 41 percent of the enrollments at the public four-year institutions are at the UW, which includes the UW Tacoma and the UW Bothell.

The Legislature assumes a budgeted level of enrollment. However, an institution's actual enrollment may vary from the budgeted amount. For example, the 2005-06 budget provided funding to the state's institutions of higher education for a total of 220,153 full-time equivalent students (FTEs) when the actual student enrollment was 222,504.

Population projections provided by the Office of Financial Management (OFM) predict that while the number of high school graduates will peak around 2008 (the "baby boomlet"), with more than 61,000 graduates, the college-age population will continue to grow into 2012 or 2013. By 2010, OFM predicts that an additional 22,500 state-funded FTEs will be needed to allow the same proportion of Washington's population to enroll in public higher education as are currently attending.

Higher Education Financing

Within the overall state budget, approximately \$3.2 billion is appropriated for higher education. Of this amount, approximately 38 percent of the funding is allocated to support the community and technical college system. Although each institution retains its own tuition revenue, tuition is considered to be a state fund source, and represents an increasing proportion of the institutions' total budgets. For example, in 1996, tuition represented 26 percent of the total operating budgets for the public institutions. In 2006, it represented approximately 33 percent of their total operating budgets.

The Legislature currently establishes resident undergraduate tuition through its biennial budget. Each institution's governing board has authority to set non-resident and graduate tuition rates. For

the 2006-07 school year, undergraduate resident tuition at the four-year institutions is as follows: the UW Seattle is \$5,757; the UW Bothell is \$5,859; the UW Tacoma is \$5,898; WSU is \$5,888; Central is \$4,393; Eastern is \$4,278; Western is \$4,356; and Evergreen is \$4,372. The community colleges' tuition is \$2,856 based on a student taking 15 credits a quarter.

Compared to the national average, Washington's tuition is lower than peer institutions. For the 2005-06 school year, as compared to 25 peer institutions nationally, Washington ranked 19th with respect to the amount of resident undergraduate tuition (i.e., there were 18 that charged higher tuition). However, compared to the other Western states, Washington's tuition is higher than average. For example, the Western Interstate Commission for Higher Education average for resident undergraduate tuition in its member states for 2003-04 was \$3,673 while Washington's was \$4,346.

Financial Aid

The Higher Education Coordinating Board (HECB) administers state financial aid programs for low-income students pursuing higher education. State funds for a number of financial aid programs are appropriated in the operating budget to the HECB. These programs include the: State Need Grant (SNG), State Work Study, Washington Scholars, Washington Award for Vocational Excellence, and Educational Opportunity Grant.

The SNG assisted approximately 65,000 students in 2005-06. This program serves students with up to 65 percent of the median family income, who are enrolled in six quarter credits or more. In 2005, the Legislature passed Substitute House Bill 1345 which directed the HECB to develop a two-year pilot project to assess the need for and feasibility of allowing students enrolled for at least four quarter credits to be eligible for a SNG.

Summary of Bill:

Strategic Direction

Under the Legislature's strategic plan, by 2014 there will be: (1) an increased capacity of 30,000 enrollment slots in higher education, of which 14,000 will be in workforce training; (2) 3,800 additional baccalaureate degrees awarded annually; (3) 12,500 additional enrollments in high demand fields; (4) assurance that the cost of higher education attendance will not exceed 30 percent of family income; (5) performance contracts with each institution of higher education; and (6) an increase in the state's overall investment in higher education by \$460 million per biennium. Overall enrollment at the regional universities, the state college, and the branch campuses will be increased, and undergraduate enrollments at the main campuses of WSU and the UW will be frozen.

Tuition and Financial Aid

By the 2013-14 academic year, tuition and mandatory fees for full-time resident undergraduates will be equal to the average tuition and fees charged at peer institutions nationally. Tuition and fees may not be increased by more than 12 percent per academic year at the four-year institutions and 7 percent at the community colleges.

Through a combination of SNGs, other state and federal grants, scholarships, and other financial aid, a student's cost of attendance at a public institution shall not be more than 30 percent of family income. The HECB shall report to the Legislature by December 15, 2008, regarding the changes made in conformity with this bill.

Service Delivery

When a branch campus' enrollment approaches 7,500 full-time equivalent students or at the written request of the campus community advisory committee, the governing board of the university responsible for the branch campus will conduct a governance study.

Community and technical colleges, subject to approval by the State Board for Community and Technical Colleges (SBCTC), may develop and offer applied baccalaureate degree programs, if the programs are not offered by a public four-year institution. Consistent with rules adopted by the SBCTC, community and technical colleges may charge higher tuition fees for courses above the associate degree level, but no higher than tuition at the regional universities.

Accountability

The HECB and each institution of higher education shall enter into a performance contract. The Governor's office will create a master performance contract for the state community and technical college system.

A performance contract is an agreement between the state and the governing board of the college or university, or the SBCTC, that: (1) addresses the Legislature's statewide goals and priorities; (2) specifies enrollment and resource levels; (3) contains the state's and institutions' goals and commitments; (4) includes quantifiable performance measures; and (5) reflects the unique role and mission of the institution within the state's higher education system. Performance contracts must also contain indicators that measure outcomes concerning costs, quality, and effectiveness.

The term of performance contracts is six years. The HECB and the Governor's office will submit all completed performance contracts to the Legislature by January 15, 2008, and every six years thereafter. The HECB and the Governor's office must also submit annual progress reports to the Legislature regarding the implementation of the contracts and short-term outcomes. The Joint Legislative Audit and Review Committee will submit an evaluation and recommendations to the Legislature regarding the performance contracts.

Appropriation: None.

Fiscal Note: Requested on February 15, 2007.

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