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## Higher Education Committee

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### E2SSB 6562

**Brief Description:** Regarding higher education accountability and access.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Kilmer, Tom, Delvin, Regala, Murray, Hargrove and King).

#### Brief Summary of Engrossed Second Substitute Bill

- Requires the University of Washington (UW), Washington State University (WSU), and Western Washington University (WWU) to negotiate six-year performance agreements with a newly created state committee on higher education performance.
- Authorizes UW, WSU, and WWU to set resident undergraduate tuition upon approval of performance agreements and with certain limitations.
- Requires UW, WSU, and WWU to waive resident undergraduate tuition on a sliding scale based on the state median family income and the amount of tuition charged.

**Hearing Date:** 2/23/10

**Staff:** Andi Smith (786-7304).

#### **Background:**

##### Tuition Setting Authority.

Prior to Fiscal Year (FY) 1999, the Legislature set tuition through statute. Since FY 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 seven percent at community and technical colleges. In academic year 2011-12 until academic year 2016-17, tuition and fees may increase no greater than seven 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.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

### Performance Agreements.

A "performance agreement" is a contract, negotiated between state higher education entities and leadership from the executive and legislative branches, that identifies goals and performance expectations for higher education and that articulates specific understanding about what results will be achieved, by whose actions, and with what resource expectations.

In 2008, via passage of Engrossed House Bill 2641, the Legislature put performance agreements into state statute and required the public-baccalaureate institutions, legislators, and the Governor's office to negotiate a six-year plan that aligns goals, priorities, desired outcomes, flexibility, institutional mission, accountability, and levels of resources. Staff from the Higher Education Coordinating Board (HECB) was required to staff the process; however, the agreements were never implemented.

The 2009 operating budget included language that directed the state performance agreement committee and each public four-year institution to develop performance agreements for the period of September 1, 2009, through June 30, 2015. The agreements are required to build on actual performance relative to the 2011 targets negotiated in previous agreements and had to include measurable performance targets in areas including enrollment, degree production, retention and graduation, and efficiency. The institutions are required to report on their progress toward performance targets to the state performance agreement committee prior to November 1, 2010. The HECB is required to summarize the individual institutional reports and provide them to the relevant fiscal and policy committees of the Legislature by December 1, 2010.

### **Summary of Bill:**

For academic years 2011-12 through 2017-18, the governing boards of the University of Washington (UW), Washington State University (WSU), and Western Washington University (WWU) are authorized to set tuition fees for resident undergraduate and graduate students subject to the following conditions:

- tuition may not increase by more than 14 percent in any year, or a compound annual average increase of 9 percent calculated over the preceding 15 years, whichever is less;
- resident undergraduate tuition may not exceed the 75th percentile of resident undergraduate tuition at similar public institutions in the global challenge states; and
- annual approval of a performance agreement by the Committee on Higher Education Performance.

The Committee on Higher Education Performance is composed of the Director of the Office of Financial Management, the executive Director of the HECB, chairs and ranking members of the Senate Higher Education and Workforce Development Committee, Senate Ways and Means Committee, House Higher Education Committee, and House Education Appropriations Committee. The Committee must negotiate a performance agreement which will be six years in duration and established by September 1, 2011, for the UW, WSU, and WWU. At a minimum, an individual institutional performance agreement will include:

- indicators measuring cost, quality, and timeliness of student progress toward degrees and certifications, and articulation between and within the K-12 and higher education systems;

- indicators measuring recruitment, retention, and success of students, faculty, and staff from underrepresented and diverse communities;
- benchmarks and goals for long-term degree production, including in high-demand fields; and
- level of state and tuition resources necessary to meet the performance outcomes, benchmarks, and goals including per-student funding goals.

The UW, WSU, and WWU must waive full-time tuition fees for resident undergraduate students based on state median family income levels. Waivers of full-time tuition fees for resident undergraduate students are provided on a graduated scale based on state median family income and the institution's tuition fee rate. The waivers must be reduced by the amount of any state need grant and other scholarships, grants, and waivers. Such waivers are exempt from statutory tuition waiver limitations.

The provisions of the bill only apply during academic years when the State Need Grant covers at least the same percentage of resident undergraduate tuition for students with incomes below 70 percent of the state median as the State Need Grant program covered in academic year 2009-10.

**Appropriation:** None.

**Fiscal Note:** Requested on February 17, 2010.

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