

SENATE BILL REPORT

SB 5823

As Reported By Senate Committee On:
Higher Education, March 1, 1999

Title: An act relating to higher education accountability.

Brief Description: Creating an accountability incentive system for institutions of higher education.

Sponsors: Senators Kohl-Welles, Sheahan, Shin, Bauer, B. Sheldon, Hale and Brown.

Brief History:

Committee Activity: Higher Education: 2/24/99, 3/1/99 [DPS].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 5823 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Shin, Vice Chair; Bauer, Horn, Jacobsen, McAuliffe, Sheahan, B. Sheldon.

Staff: Jean Six (786-7423)

Background: The 1997 Legislature, in its biennial budget, addressed accountability for the state's public four-year institutions of higher education for both the 1997-99 biennium and the 1999-01 biennium. The provisions for each biennium are described below.

Accountability for the 1997-99 Biennium

For the 1997-99 biennium, the Legislature directed the Higher Education Coordinating Board (HECB) to implement an accountability system in consultation with Washington's public four-year institutions. The Legislature placed \$10.7 million in reserve status and made release of the funds contingent on specific achievements. The HECB was made responsible for evaluating performance and notifying the Office of Financial Management (OFM) whether or not to release the funds. In the first year, \$4.3 million was released to the institutions upon successful completion of institutional accountability plans.

During the second year, release of the remaining \$6.4 million was contingent on performance achievement toward targets for five measures specified in the budget. The five measures were: (1) an undergraduate graduation efficiency index; (2) undergraduate student retention; (3) five-year graduation rates; (4) a faculty productivity measure; and (5) a unique accountability measure for each institution. Within the five overall measures, 58 separate performance measures were established by the institutions. Institutions met or exceeded 39 of the 58 measures. This performance earned the institutions \$4.9 million, or 77 percent of the \$6.4 million held in reserve. The remaining \$1.5 million remains in reserve status and

at the end of the biennium will revert— and be directed to the Education Savings Account under the provisions of RCW 43.79.

Accountability for the 1999-00 Biennium

The Legislature directed the HECB to recommend, by January 1999, additions, deletions, or revisions to the 1997-99 performance and accountability measures. The HECB made four recommendations: (1) the institutions should continue to make progress on all of the 1997-99 performance measures and report annually; (2) the Legislature should establish an incentive pool of performance funds, funded at not less than \$10 million per biennium and the reserved funds from 1997-99 should be directed to this pool. Institutions should compete for grants from the incentive pool that help to achieve state goals; (3) the HECB and institutions should establish distance education performance measures by June 30, 1999, but no funds should be tied to them for 1999-01; and (4) incentive funds should be used to reinforce institutional and state initiatives in the area of student learning outcomes.

Summary of Substitute Bill: The Washington Higher Education Improvement Fund is established. The fund is administered by the Higher Education Coordinating Board. The board, in consultation with the four-year institutions, must develop criteria for a competitive grant process. Grants are awarded to institutions with the best proposals for making progress in the target performance areas of undergraduate retention, graduation efficiency, graduation rates, faculty productivity, and unique institutional measures. The incentive funds may also be used to reinforce initiatives in the area of student learning outcomes. Institutions are encouraged to have student learning outcomes in place for every undergraduate academic program by 2003, aligning those outcomes where appropriate with the K-12 and community college systems.

For the 1997-99 biennium, the Operating Budget Act is amended to reduce appropriations to higher education institutions by the amounts left in reserve on December 31, 1998, a total of \$1.5 million. An amount equal to this (\$1.5 million) is appropriated to the Washington Higher Education Improvement Fund that is established in the bill.

The incentive funding must be used to encourage continued progress by the four-year institutions of higher education in the performance areas established for 1997-99 and recommended by the HECB to be continued for 1999-01. Institutions are required to strive to make continuous improvement in the performance areas and to report their progress to the HECB and the Legislature.

The HECB is required, in collaboration with the four-year institutions, to establish distance education performance measures by June 30, 1999. Institutions are required to use the measures to establish baseline information by September 1, 2000. The HECB must report to the Legislature in January 2001 on the outcomes of this effort.

The bill contains an emergency clause and takes effect immediately.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: The HECB has reported to you earlier a great deal of detail about the performance funding approach. Our recommendations sound very process oriented but our board is very focused on students. Early assessment work has provided us with a base of information on which to build. We recognize the difficulties inherent in across-the-board measures. Annual reporting will provide significant information. Incentive funds will encourage innovation, efficiency, and creativity. Institutions will be encouraged toward greater efficiency and more attention to student learning outcomes. Distance learning requires consistent measurement; we need base line data and a way for policy makers to look at unique programs.

The accountability process that is proposed will focus on students. The last budget put goals before us that we believed did not help student learning. The first generation of accountability has already been spoken to. We strongly endorse the proposal « accountability will help the state, the institutions, and the students. We must be sure it focuses on student learning. A focus on efficiency and on penalty is not necessarily helpful to students. We make it better by continuing to look for efficiencies while focusing in two new directions: (1) emphasis on student learning; and (2) movement from penalty to incentive.

The liberal arts arena will be the greatest challenge when developing learning outcomes. We should be able to define general skills and knowledge for any university graduate, but will need to work within the individual departments to define specific skills. Evaluation happens all the time.

Testimony Against: None.

Testified: Bruce Botka, HECB; Terry Teale, COP; Fred Campbell, UW.