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HOUSE BILL 1854

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State of Washington                      56th Legislature                      1999 Regular Session

By Representatives Lantz, Radcliff, Kenney and Carlson

Read first time 02/08/1999. Referred to Committee on Higher Education.

1            AN ACT Relating to higher education accountability; amending 1998  
2 c 346 s 601 (uncodified); adding new sections to chapter 28B.80 RCW;  
3 creating new sections; and declaring an emergency.

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

5            NEW SECTION.    **Sec. 1.** (1) The legislature finds that it is in the  
6 interest of Washington citizens and current and prospective higher  
7 education students for the state's institutions of higher education to  
8 have in place an incentive system of performance funding and  
9 accountability to encourage performance improvements in specified  
10 areas. The legislature also finds that annual performance progress  
11 reports will draw the attention of the public and the state's  
12 policymakers to important issues related to students' educational  
13 attainment and learning outcomes.

14            (2) The 1997 legislature established a performance incentive system  
15 when it placed funds in reserve status for each institution of higher  
16 education and made release of the funds contingent on specific  
17 performance achievements. This incentive system resulted in one  
18 million four hundred sixty-five thousand dollars of the ten million six  
19 hundred sixty-one thousand dollars held in reserve for the six four-

1 year institutions of higher education not being approved for release.  
2 Under the provisions of chapter 43.79 RCW, these funds will be directed  
3 to the education savings account. While the intention of the 1997  
4 legislature was a performance incentive system, the resultant loss of  
5 aggregate funding for higher education contradicts the legislature's  
6 goal of maintaining institutions of the highest quality. Therefore,  
7 the legislature intends to direct unreleased performance funds for  
8 fiscal year 1999 to the Washington higher education improvement fund  
9 established in section 7 of this act.

10 (3) For future biennia, it is the intent of the legislature to  
11 provide performance incentive funding rather than place funds in  
12 reserve. For the 1999-2001 biennium, the legislature intends to  
13 appropriate no less than ten million dollars to the Washington higher  
14 education improvement fund established in section 7 of this act. The  
15 purpose of the funding is to encourage public four-year institutions of  
16 higher education to develop new, innovative, and creative approaches to  
17 improvement in student learning outcomes. Further the incentive  
18 funding would be used to encourage continued progress by the four-year  
19 institutions of higher education in the following areas: Undergraduate  
20 retention, graduation efficiency, graduation rates, and areas unique to  
21 each institution of higher education. The incentive system would also  
22 initiate new measures for student learning and distance education.

23 NEW SECTION. **Sec. 2.** A new section is added to chapter 28B.80 RCW  
24 to read as follows:

25 Four-year institutions of higher education shall strive to make  
26 continuous improvement and meaningful and substantial progress on all  
27 performance measures, and shall report their progress to the higher  
28 education coordinating board and to the legislature each year.  
29 Performance measures shall address undergraduate retention, graduation  
30 efficiency, graduation rates, student learning, distance education, and  
31 measures unique to each institution.

32 NEW SECTION. **Sec. 3.** A new section is added to chapter 28B.80 RCW  
33 to read as follows:

34 The higher education coordinating board, in consultation with the  
35 four-year institutions of higher education, shall develop criteria for  
36 a competitive grant process. The higher education coordinating board  
37 shall use those criteria to evaluate institutions' proposals for making

1 progress in undergraduate retention, graduation efficiency, graduation  
2 rates, and areas unique to each institution of higher education.  
3 Subject to available funds in the Washington higher education  
4 improvement fund created in section 7 of this act, the higher education  
5 coordinating board shall award grants to the institutions based on the  
6 strength of the institutions' proposals in meeting the established  
7 criteria.

8 NEW SECTION. **Sec. 4.** In collaboration with Washington's public  
9 four-year institutions of higher education, the higher education  
10 coordinating board shall establish distance education performance  
11 measures by June 30, 1999. Institutions of higher education shall use  
12 these measures to establish baseline information by September 1, 2000.  
13 The higher education coordinating board shall report to the legislature  
14 in January 2001 on the outcomes of this effort and recommended next  
15 steps.

16 NEW SECTION. **Sec. 5.** A new section is added to chapter 28B.80 RCW  
17 to read as follows:

18 Incentive funds may be used to reinforce institutional and state  
19 initiatives in the area of student learning outcomes, and to encourage  
20 new assessment projects, particularly in the areas of writing,  
21 quantitative skills, and technological literacy. By 2003, all four-  
22 year institutions of higher education should have student learning  
23 outcomes in place for every undergraduate academic program, aligning  
24 those outcomes where appropriate with the K-12 and community college  
25 systems. Beginning in December 1999, institutions of higher education  
26 should report annually to the higher education coordinating board on  
27 progress in establishing and assessing these outcomes.

28 **Sec. 6.** 1998 c 346 s 601 (uncodified) is amended to read as  
29 follows:

30 The appropriations in sections 603 through 609 of this act are  
31 subject to the following conditions and limitations:

32 (1) "Institutions" means the institutions of higher education  
33 receiving appropriations under sections 603 through 609 of this act.

34 (2)(a) The salary increases provided or referenced in this  
35 subsection shall be the allowable salary increases provided at  
36 institutions of higher education, excluding increases associated with

1 normally occurring promotions and increases related to faculty and  
2 professional staff retention, and excluding increases associated with  
3 employees under the jurisdiction of chapter 41.56 RCW pursuant to the  
4 provisions of RCW 28B.16.015.

5 (b) Each institution of higher education shall provide to each  
6 classified staff employee as defined by the office of financial  
7 management a salary increase of 3.0 percent on July 1, 1997. Each  
8 institution of higher education shall provide to instructional and  
9 research faculty, exempt professional staff, academic administrators,  
10 academic librarians, counselors, teaching and research assistants as  
11 classified by the office of financial management, and all other  
12 nonclassified staff, including those employees under RCW 28B.16.015, an  
13 average salary increase of 3.0 percent on July 1, 1997. For employees  
14 under the jurisdiction of chapter 41.56 RCW pursuant to the provisions  
15 of RCW 28B.16.015, distribution of the salary increases will be in  
16 accordance with the applicable collective bargaining agreement.  
17 However, an increase shall not be provided to any classified employee  
18 whose salary is above the approved salary range maximum for the class  
19 to which the employee's position is allocated. To collect consistent  
20 data for use by the legislature, the office of financial management,  
21 and other state agencies for policy and planning purposes, institutions  
22 of higher education shall report personnel data to be used in the  
23 department of personnel's human resource data warehouse in compliance  
24 with uniform reporting procedures established by the department of  
25 personnel.

26 (c) Each institution of higher education receiving appropriations  
27 under sections 604 through 609 of this act may provide to instructional  
28 and research faculty, exempt professional staff, academic  
29 administrators, academic librarians, counselors, teaching and research  
30 assistants, as classified by the office of financial management, and  
31 all other nonclassified staff, but not including employees under RCW  
32 28B.16.015, an additional average salary increase of 1.0 percent on  
33 July 1, 1997, and an average salary increase of 2.0 percent on July 1,  
34 1998. Any salary increases authorized under this subsection (2)(c)  
35 shall not be included in an institution's salary base. It is the  
36 intent of the legislature that general fund--state support for an  
37 institution shall not increase during the current or any future  
38 biennium as a result of any salary increases authorized under this  
39 subsection (2)(c).

1 (d) Specific salary increases authorized in sections 603 through  
2 609 of this act are in addition to any salary increase provided in this  
3 subsection.

4 (3)(a) Each institution receiving appropriations under sections 604  
5 through 609 of this act shall submit plans for achieving measurable and  
6 specific improvements in academic years 1997-98 and 1998-99 to the  
7 higher education coordinating board. The plans, to be prepared at the  
8 direction of the board, shall be submitted by August 15, 1997 (for  
9 academic year 1997-98) and June 30, 1998 (for academic year 1998-99).  
10 The following measures and goals will be used for the 1997-99 biennium:

	Goal
11 (i) Undergraduate graduation efficiency index:	
12 For students beginning as freshmen	95
13 For transfer students	90

14 (ii) Undergraduate student retention, defined as the percentage of	
15 all undergraduate students who return for the next year at the same	
16 institution, measured from fall to fall:	
17 Research universities	95%
18 Comprehensive universities and college	90%

19 (iii) Graduation rates, defined as the percentage of an entering	
20 freshmen class at each institution that graduates within five years:	
21 Research universities	65%
22 Comprehensive universities and college	55%

23 (iv) A measure of faculty productivity, with goals and targets in  
24 accord with the legislative intent to achieve measurable and specific  
25 improvements, to be determined by the higher education coordinating  
26 board, in consultation with the institutions receiving appropriations  
27 under sections 604 through 609 of this act.

28 (v) An additional measure and goal to be selected by the higher  
29 education coordinating board for each institution, in consultation with  
30 each institution.

31 (b) Academic year 1995-96 shall be the baseline year against which  
32 performance in academic year 1997-98 shall be measured. Academic year  
33 1997-98 shall be the baseline year against which performance in  
34 academic year 1998-99 shall be measured. The difference between each  
35 institution's baseline year and the state-wide performance goals shall  
36 be calculated and shall be the performance gap for each institution for  
37

1 each measure for each year. The higher education coordinating board  
2 shall set performance targets for closing the performance gap for each  
3 measure for each institution. Performance targets shall be set at  
4 levels that reflect meaningful and substantial progress towards the  
5 state-wide performance goals. Each institution shall report to the  
6 higher education coordinating board on its actual performance  
7 achievement for each measure for academic year 1997-98 by November 1,  
8 1998.

9 (c) General fund--state appropriations made to institutions of  
10 higher education under sections 604 through 609, chapter 346, Laws of  
11 1998, shall be reduced by any amounts placed in reserve for fiscal year  
12 1999 that are not approved for allotment by December 31, 1998, under  
13 the provisions specified. An amount equal to the total of these  
14 reductions shall be appropriated to the Washington higher education  
15 improvement fund in section 7 of this act.

16 (4) The state board for community and technical colleges shall  
17 develop an implementation plan for measurable and specific improvements  
18 in productivity, efficiency, and student retention in academic years  
19 1997-98 and 1998-99 consistent with the performance management system  
20 developed by the work force training and education coordinating board  
21 and for the following long-term performance goals:

	Goal
22 (a) Hourly wages for vocational graduates	\$12/hour
23 (b) Academic students transferring to Washington	
24 higher education institutions	67%
25 (c) Core course completion rates	85%
26 (d) Graduation efficiency index	95

28 (5) The state's public institutions of higher education  
29 increasingly are being called upon to become more efficient in  
30 conducting the business operations necessary to support the carrying  
31 out of their academic missions. The legislature recognizes that state  
32 laws and regulations may have the unintended effect of acting as  
33 barriers to efficient operation in some instances, and desires to  
34 encourage the institutions of higher education to think beyond the  
35 constraints of current law in identifying opportunities for improved  
36 efficiency. Accordingly, the legislature requests that the  
37 institutions of higher education, working together through the council  
38 of presidents' office and the state board for community and technical

1 colleges, identify opportunities for changes in state law that would  
2 form the basis for a new efficiency compact with the state, for  
3 consideration no later than the 1999 legislative session.

4 (6) Pursuant to RCW 43.135.055, institutions of higher education  
5 receiving appropriations under sections 603 through 609 of this act are  
6 authorized to increase summer term tuition in excess of the fiscal  
7 growth factor during the 1997-99 fiscal biennium. Tuition levels  
8 increased pursuant to this subsection shall not exceed the per credit  
9 hour rate calculated from the academic year tuition levels established  
10 by the legislature in RCW 28B.15.067.

11 NEW SECTION. **Sec. 7.** A new section is added to chapter 28B.80 RCW  
12 to read as follows:

13 The Washington higher education improvement fund is established in  
14 the custody of the state treasurer. Moneys in the fund may be spent  
15 only for the purposes of sections 3 and 5 of this act. Disbursements  
16 from the fund shall be on the authorization of the higher education  
17 coordinating board. The fund is subject to the allotment procedure  
18 provided under chapter 43.88 RCW, but no appropriation is required for  
19 disbursements.

20 NEW SECTION. **Sec. 8.** This act is necessary for the immediate  
21 preservation of the public peace, health, or safety, or support of the  
22 state government and its existing public institutions, and takes effect  
23 immediately.

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