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SENATE BILL 5936

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State of Washington                      63rd Legislature                      2013 1st Special Session

By Senators Baumgartner and Bailey

Read first time 05/17/13. Referred to Committee on Higher Education.

1            AN ACT Relating to a performance and enrollment-based methodology  
2 of distributing state appropriations to public institutions of higher  
3 education; amending RCW 28B.10.776 and 28B.77.090; creating new  
4 sections; repealing RCW 28B.10.778, 28B.10.780, 28B.10.782, 28B.10.784,  
5 and 28B.15.101; and providing an expiration date.

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

7            NEW SECTION.            **Sec. 1.**            The legislature finds that public  
8 institutions of higher education have experienced dramatic reductions  
9 in state support over the last four fiscal years, which have  
10 necessitated large increases in tuition prices. The legislature  
11 further finds that the combination of decreases in state funding and  
12 increases in tuition have led to a scenario where public higher  
13 education is being funded disproportionately by the students and their  
14 families. Therefore, it is the intent of the legislature to more  
15 equitably distribute the support of public higher education between the  
16 state and students and their families by (1) establishing a funding  
17 methodology that is based on enrollment levels with which to provide  
18 predictable and stable baseline state funding to the institutions of  
19 higher education; and (2) establishing a process whereby any state

1 funds over and above the level needed for the baseline levels of state  
2 funding are distributed among the institutions of higher education  
3 based on their performance in meeting statewide goals and expectations,  
4 and to reward the highest performers.

5 **Sec. 2.** RCW 28B.10.776 and 1993 sp.s. c 15 s 2 are each amended to  
6 read as follows:

7 ~~((It is the policy of the state of Washington that the essential~~  
8 ~~requirements level budget calculation for)) (1) Beginning with fiscal  
9 year 2014, institutions of higher education ((include enrollment levels  
10 necessary to maintain, by educational sector, the participation rate  
11 funded in the 1993 fiscal year. The participation rate shall be based  
12 on the state's estimated population ages seventeen and above by  
13 appropriate age groups)) shall receive a level of state funding that is  
14 equal to the maintenance level appropriations in the omnibus  
15 appropriations act for the 2013-2015 biennium expressed as a per-  
16 resident student rate that is based on a three-year average of the  
17 number of actual full-time equivalent enrolled resident students for  
18 the current academic year and the two previous academic years as  
19 reported in the state-funded public higher education enrollment reports  
20 produced by the office of financial management.~~

21 (2) The per-resident student rates specified in subsection (1) of  
22 this section shall increase each fiscal year by the rate of inflation  
23 as measured by the implicit price deflator.

24 (3) The per-resident student rates specified in subsection (1) of  
25 this section in existence at the time when specific appropriations are  
26 made for creation or expansion of new or existing programs of study  
27 shall receive a step adjustment in the following fiscal year to reflect  
28 this additional level of funding.

29 (4) State universities, regional universities, The Evergreen State  
30 College, and the state board for community and technical colleges are  
31 legally entitled to receive the levels of state funding specified in  
32 subsections (1) through (3) of this section.

33 (5) Beginning with fiscal year 2014, any state funds appropriated  
34 for institutions of higher education that remain after satisfying the  
35 per-resident student rates specified in subsections (1) through (3) of  
36 this section, or any increases in state appropriations for the

1 institutions of higher education, must be distributed as provided in  
2 this subsection (5).

3 (a) A proportionate share must be distributed to the state board  
4 for community and technical colleges for disbursement to the community  
5 and technical colleges based on performance in accordance with the  
6 student achievement initiative.

7 (b) A proportionate share must be distributed to the public four-  
8 year institution sector of higher education. This share must be  
9 disbursed to the state universities, the regional universities, and The  
10 Evergreen State College that have met the requirements in RCW  
11 28B.77.090(2), and disbursement must be as specified in the omnibus  
12 appropriations act based on a three-year average of performance, or in  
13 recognition of the highest performing four-year institution of higher  
14 education, in the following metrics:

- 15 (i) Average time to degree for undergraduate students;
- 16 (ii) Number of undergraduate high-demand degrees produced;
- 17 (iii) Freshman retention;
- 18 (iv) Low-income population; and
- 19 (v) Space utilization.

20 (6) For the purposes of subsection (5) of this section,  
21 "proportionate share" means the proportion of near general fund  
22 appropriations to either (a) the state board for community and  
23 technical colleges or (b) the state universities, the regional  
24 universities, and The Evergreen State College, relative to the total  
25 near general fund appropriations to the institutions of higher  
26 education.

27 (7) For the purposes of this section, the inflation adjustment  
28 shall be computed using the percentage change on the implicit price  
29 deflator for personal consumption expenditures for the United States  
30 for the previous calendar year, as compiled by the bureau of economic  
31 analysis of the United States department of commerce and reported in  
32 the most recent quarterly publication of the economic and revenue  
33 forecast council or successor agency.

34 **Sec. 3.** RCW 28B.77.090 and 2013 c 23 s 60 are each amended to read  
35 as follows:

- 36 (1) An accountability monitoring and reporting system is

1 established as part of a continuing effort to make meaningful and  
2 substantial progress towards the achievement of long-term performance  
3 goals in higher education.

4 (2) To provide consistent, easily understood data among the public  
5 four-year institutions of higher education within Washington and in  
6 other states, the following data must be reported to the education data  
7 center annually by December 1st, and at a minimum include data  
8 recommended by a national organization representing state chief  
9 executives. The education data center in consultation with the council  
10 may change the data requirements to be consistent with best practices  
11 across the country. This data must, to the maximum extent possible, be  
12 disaggregated by race and ethnicity, gender, state and county of  
13 origin, age, and socioeconomic status, and include the following for  
14 the four-year institutions of higher education:

15 (a) Bachelor's degrees awarded;

16 (b) Graduate and professional degrees awarded;

17 (c) Graduation rates: The number and percentage of students who  
18 graduate within four years for bachelor's degrees and within the  
19 extended time, which is six years for bachelor's degrees;

20 (d) Transfer rates: The annual number and percentage of students  
21 who transfer from a two-year to a four-year institution of higher  
22 education;

23 (e) Time and credits to degree: The average length of time in  
24 years and average number of credits that graduating students took to  
25 earn a bachelor's degree;

26 (f) Enrollment in remedial education: The number and percentage of  
27 entering first-time undergraduate students who place into and enroll in  
28 remedial mathematics, English, or both;

29 (g) Success beyond remedial education: The number and percentage  
30 of entering first-time undergraduate students who complete entry  
31 college-level math and English courses within the first two consecutive  
32 academic years;

33 (h) Credit accumulation: The number and percentage of first-time  
34 undergraduate students completing two quarters or one semester worth of  
35 credit during their first academic year;

36 (i) Retention rates: The number and percentage of entering  
37 undergraduate students who enroll consecutively from fall-to-spring and  
38 fall-to-fall at an institution of higher education;

1 (j) Course completion: The percentage of credit hours completed  
2 out of those attempted during an academic year;

3 (k) Program participation and degree completion rates in bachelor  
4 and advanced degree programs in the sciences, which includes  
5 agriculture and natural resources, biology and biomedical sciences,  
6 computer and information sciences, engineering and engineering  
7 technologies, health professions and clinical sciences, mathematics and  
8 statistics, and physical sciences and science technologies, including  
9 participation and degree completion rates for students from  
10 traditionally underrepresented populations;

11 (l) Annual enrollment: Annual unduplicated number of students  
12 enrolled over a twelve-month period at institutions of higher education  
13 including by student level;

14 (m) Annual first-time enrollment: Total first-time students  
15 enrolled in a four-year institution of higher education;

16 (n) Completion ratio: Annual ratio of undergraduate and graduate  
17 degrees and certificates, of at least one year in expected length,  
18 awarded per one hundred full-time equivalent undergraduate students at  
19 the state level;

20 (o) Market penetration: Annual ratio of undergraduate and graduate  
21 degrees and certificates, of at least one year in program length,  
22 awarded relative to the state's population age eighteen to twenty-four  
23 years old with a high school diploma;

24 (p) Student debt load: Median three-year distribution of debt  
25 load, excluding private loans or debts incurred before coming to the  
26 institution;

27 (q) Space utilization: For each academic year, the average number  
28 of hours per week each classroom seat and classroom lab is utilized;

29 (r) Data related to enrollment, completion rates, participation  
30 rates, and debt load shall be disaggregated for students in the  
31 following income brackets to the maximum extent possible:

- 32 (i) Up to seventy percent of the median family income;
- 33 (ii) Between seventy-one percent and one hundred twenty-five  
34 percent of the median family income; and
- 35 (iii) Above one hundred twenty-five percent of the median family  
36 income; and

37 ((+r)) (s) Yearly percentage increases in the average cost of  
38 undergraduate instruction.

1 (3) Four-year institutions of higher education must count all  
2 students when collecting data, not only first-time, full-time first-  
3 year students.

4 (4) In conjunction with the office of financial management, all  
5 four-year institutions of higher education must display the data  
6 described in subsection (2) of this section in a uniform dashboard  
7 format on the office of financial management's web site no later than  
8 December 1, 2011, and updated thereafter annually by December 1st. To  
9 the maximum extent possible, the information must be viewable by race  
10 and ethnicity, gender, state and county of origin, age, and  
11 socioeconomic status. The information may be tailored to meet the  
12 needs of various target audiences such as students, researchers, and  
13 the general public.

14 (5) The council shall use performance data from the education data  
15 center for the purposes of strategic planning, to report on progress  
16 toward achieving statewide goals, and to develop priorities proposed in  
17 the ten-year plan for higher education.

18 NEW SECTION. **Sec. 4.** (1) The office of financial management shall  
19 convene a work group to review the per-resident student rates  
20 established in section 2, chapter . . ., Laws of 2013 1st sp. sess.  
21 (section 2 of this act) and make recommendations for achieving equal  
22 funding for similar institutions by the 2017-2019 fiscal biennium. In  
23 making final recommendations, the work group shall consider that there  
24 is a legislative goal to achieve the following per-resident student  
25 rates by the 2017-2019 fiscal biennium:

26 (a) Ten thousand dollars for the research institutions as defined  
27 in RCW 28B.10.016;

28 (b) Seven thousand five hundred dollars for the regional  
29 institutions as defined in RCW 28B.10.016; and

30 (c) Five thousand dollars for the community and technical colleges.

31 (2) The work group must include the following members:

32 (a) One representative from the student achievement council;

33 (b) One representative from the education data center created in  
34 RCW 43.41.400;

35 (c) One representative from each state university, regional  
36 university, and state college as defined in RCW 28B.10.016; and

1 (d) One representative from the state board for community and  
2 technical colleges.

3 (3) The office of financial management shall submit a final  
4 recommendation of the work group to the governor and appropriate  
5 committees of the legislature no later than December 1, 2014.

6 (4) This section expires August 1, 2015.

7 NEW SECTION. **Sec. 5.** The following acts or parts of acts are each  
8 repealed:

9 (1) RCW 28B.10.778 (Budget calculation--New enrollments--Funding  
10 level--Inflation factor) and 1993 sp.s. c 15 s 3;

11 (2) RCW 28B.10.780 (Budget calculation--Funding level) and 1993  
12 sp.s. c 15 s 4;

13 (3) RCW 28B.10.782 (Budget calculation--Increased enrollment target  
14 level--Availability of information) and 1993 sp.s. c 15 s 5;

15 (4) RCW 28B.10.784 (Budget calculation--Participation rate and  
16 enrollment level estimates--Recommendations to governor and  
17 legislature) and 2012 c 229 s 517 & 1993 sp.s. c 15 s 6; and

18 (5) RCW 28B.15.101 (Authority to modify tuition rates--Performance-  
19 based measures and goals--Institutional performance plans) and 2011 1st  
20 sp.s. c 10 s 5.

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